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THE IMPORTANCE OF INDUSTRIAL DEVELOPMENT IN THE FAR EAST Unequal Progress Achieved by Japan and China

(By James A. Rabbitt)

Recent wars have linked national security with industrialization so completely that all of Asia has been awakened to its industrial needs. Japan was motivated by the War with China in 1895 and with Russia in 1905; Turkey and Russia got their impetus from World War I, and the awakening in India, China, Burma, Indonesia, Indo-China and the Philippines has followed World War II.

The same forces were at work a hundred years earlier with England, the countries of Europe and the U.S.A. following the American and French Revolutions and the Napoleonic Wars.

There are two types of countries involved in industrialization: island and continental. In each of these categories the economic problems differ considerably. Continental countries have, as a rule greater advantages in natural resources for supplying the raw materials of industry, but this advantage is usually offset by transportation barriers created by mountains and great land distances; while island countries, though lacking in natural resources, have easy transportation not only along their own shores but to all parts of the world. This has frequently permitted the island countries not only to go far afield for their raw materials of industry but to develop their shipbuilding and shipping industries to a point where they have been able to ship their products to all parts of the world in their own vessels.

Outstanding examples of island countries which have excelled in industry despite the handicaps of limited raw materials are *England and Japan*; and of great continental countries which have not until recently awakened to the need for industry are *Russia, India and China*.

Both continental and island countries have had food problems which had to be solved before industrialization could be developed. While island countries have had to resort to imports, continental countries have had to struggle against the backwardness of agricultural methods which, in most cases, has required so much animal and man power on the farms as to leave little of the produce of the soil to support potential industrial workers.

Similarities In British and Japanese Industrialisation

After the American Revolution and Napoleonic Wars England's statesmen were perplexed as to how to raise sufficient taxes to meet the national deficits but eventually the country was lifted from its slough of economic despond by the activities of the industrialists of Birmingham and Manchester in the early 19th Century when British products were shipped to all parts of the world. Japan repeated this procedure between World War I and her unfortunate mistakes of aggression in 1937-41.

Both England and Japan had, as industrial assets free access to a great continental market, an abundance of power, labor and industrial intelligence to make up for the lack of other natural resources.

Asia's Industrial Resources

Asia's reserves of essential materials for industry are difficult to estimate because complete geological surveys have not been made. Regarding coal and iron most frequently there have been over-statements although India's reserves, in the opinion of many experts, have been under estimated.

A survey made in 1938 by a well-posted statistical bureau in the U.S.A. published coal reserves for U.S.S.R. as 1,654 billion tons; Asia (ex. U.S.S.R.) 371 billion, as compared with Europe (ex. U.S.S.R.) 306 billion tons.

Iron ore reserves were reported by the same survey as 16.5 billion tons for U.S.S.R. and 7 billion tons for Asia (ex. U.S.S.R.).

Copper reserves were listed for U.S.S.R. as 13 million tons and for Asia (ex. U.S.S.R.) 14.8 million tons.

The petroleum reserves of all Asia including U.S.S.R. have been reported as 81.5 billion bbls. (N.E.I., Iran, Iraq, U.S.S.R.).

Other vital industrial materials supplied largely by Asia are:

Manganese (India and U.S.S.R.)
Bauxite (N.E.I. and Malaya) Rubber (Malaya and N.E.I.) Mica (India) Graphite (Ceylon and Korea) Antimony (China) Tungsten (China) Tin (Malaya, Siam, N.E.I., China).

Although Asia has supplied substantial quantities of industrial raw materials for the world's industries her production of manufactured products has been unimportant excepting in U.S.S.R., India and Japan.

This low production reflects the lack of industrial development of the Asiatic and particularly Far Eastern countries rather than a paucity of reserves. Japan is the one exception for only there has industrial development been greater than mineral resources.

Japan's High Degree of Industrial Intelligence

Japan has provided industrial economists with a new yard-stick for measuring the industrial potential of a country: i.e., industrial intelligence, developed through technical education and perseverance.

Japan has proved that it is a mistake to estimate the natural resources of a country in terms of minerals only. While an abundance of minerals, power and labor are not inconsiderable factors for industrialisation, they are in themselves worthless without a high standard of courage and intelligence capable of technical education and direction for the rational utilisation of available natural resources and providing the ability to re-manufacture imports.

China, the Philippines and other Far Eastern countries expecting reparations from Japan in the form of machinery and equipment would do well to ponder the usefulness of such equipment when transplanted to a new environment less favourably equipped with the most essential of all materials of industry:—technical intelligence.

China and Modern Industry

There has been much published about the industrious Chinese people with the inference that it requires only industrious labour to make machinery turn out the products of industry. Granted that the Chinese people, the Filipinos and other workers in the Far East are industrious, this great virtue is without value to the success of modern industry unless it is guided by intelligent scientists and technical experts who produce the real force that makes the wheels of industry revolve. Industry must be supported by competent, ingenious research workers and guided by men well versed in mathematics, physics, chemistry, metallurgy, economics and administration. Even such men must have available for their work laboratories and libraries in technical schools, colleges, universities and in industrial plants.

Human Equality?

Industry, like agriculture, if it is to prosper, needs a constant supply of seedlings sprouting from season to season from which those in charge can select the most promising plants for fuller development. In a democracy it is said that "all men are born equal" but in fact they must prove it; the same law is at work among men as among plants, birds and animals. Where there are several species some of the members of each group show more talent than others for specific activities. It takes many generations to develop a good hunting dog, a racing or polo pony, a good egg-laying hen or a cock-fighting rooster; others are just hounds, draft animals or farmyard fowl.

Men for industry must be trained as must be priests, lawyers, bankers and politicians. Some men are capable only of becoming unskilled workers; others, mechanics; some, foremen to teach and help a few of their fellows; while others, with minds of greater "cylinder dimensions," may develop into mathematicians, physicists, geologists,

electrical, mechanical, mining engineers or metallurgists capable of creating profitable labour for workers as well as profitable and legitimate outlets for capital.

Technical Knowledge & Scientific Management

Perhaps because of the publicity and inconvenience caused by strikes and labour troubles between capital and labour the public could be excused for sometimes overlooking the fact that industrialisation is accomplished by not two but three major groups of society without any one of which the other two would be impotent. In describing industrialisation, and the interrelation of its components let us say that the skeletal structure is capital, labour clothes this framework with flesh and brawn, but it is left for technical knowledge and scientific management to provide the brain with its nerve center and send the life blood coursing through its veins.

CAPITAL (as an economic commodity) is industrial reserve stored up from past effort, consisting of savings from the intelligent use of the mind of man to harness the energy and materials of the earth, plus manual labour.

LABOUR (as an economic commodity) has two constituents: manual and mental. **MANUAL LABOUR** may be skilled or unskilled depending upon how much teaching or directive energy has been applied to it by the mind. **MENTAL LABOUR** is energy applied to creative thinking in order to direct manual labour to use the power and wealth of the earth for sustenance, profit or pleasure.

Mental Man-Power

Much of the labour trouble in the industrial world is caused by the assumption on the part of organised manual labour that it alone is responsible for the successful use of capital. Mental labour demands no eight hour day, it is conservative to a fault, but without it capital would return to dust and manual labour would atrophy.

Good material for developing the mental man-power required for industry is so scarce that most of the countries of the world are only now awakening to the need for industrialization. The men who furnish the technical direction for industry must have that rugged character that will expend the vast amount of time and energy required to master mathematics and other exacting sciences the application of which gives life to industry. Hence, these men must be drawn from all classes of society.

This has been one of the prime factors that has made industry the greatest of democratizers. Any society which supports social groups because of birth rather than accomplishment in producing something for the use of man, or looks down upon those with greasy fingers cannot excel in industry.

Japan's Transformation

In the early days of the industrialization of Japan only such activities as had the patronage of the upper classes prospered. These included army, navy, government service, education, rice culture, marine products, silk, textiles, ceramics, precious metals, banking and law. During the early part of the Meiji Period (1868-1912) these activities drained off all of the talent in the aristocracy and left the heavy industries to the sons of the peasantry who had been submerged for 260 years of totalitarianism under the Tokugawas. Not until the sons of the peerage and landed gentry entered industry in the 90's and early 1900's did this new field become an arena whose champions received imperial honors.

From this time onwards the best brains in the land could be found in the industrial field working side by side as leaders with those who came up from the soil. Foreign experts were imported to direct each industry, manual training was introduced into the middle schools under foreign instructors, higher technical schools were established under the direction of Japanese engineers who had been educated and trained in Europe and America and to each of the imperial universities was added an engineering college with the best foreign professors obtainable. They drew on all countries that had already mastered the problems of industry for their teachers giving emphasis to the special advance in science for which each country was famous.

By 1912 most of the foreign teachers had been retired after 30 or 40 years of service and thereafter Japanese engineers were taught by Japanese professors in their own schools, colleges and universities although more and more of their most promising technical men finished their studies and obtained practical experience abroad. Nevertheless, an ever-increasing number of foreign engineers were engaged as experts in Japanese industrial plants.

China's Psychological Ineptitude

To a lesser degree this same course has been followed in India and, in a feeble way, in China with results in direct proportion to the teaching effort expended. India has made some notable progress because of the ruggedness of some of her pioneers in technical training such as Jemshedee Tata who founded the Tata School of Science as an adjunct to Tata Steel Works and other heavy industries.

As long as the Chinese continue to be guided by their present psychological ineptitude towards industrialization (in by-passing the foreign experts) they will resemble the man who tries to lift himself by his boot-straps.

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GOLD & U.S.\$ ASSETS

THE PROBLEM OF MEETING BALANCE OF PAYMENT DEFICITS

There has been much discussion as to the existence or threat of a world shortage of dollars, or of assets easily convertible into dollars, which could be used for the payment of the enormous volume of goods and services which foreign countries are buying in the United States. This question is intimately linked with that of the volume of foreign lending which the United States Government, as well as private investors, may be called upon to do in the near future. Of basic importance, however, are the size and distribution of the gold and dollar assets of foreign countries and the extent to which foreign countries, by using such assets, may be able to meet their needs for the goods and services which U.S. can supply.

The gold and short term dollar assets now available to countries other than the U.S. as a whole (excluding the U.S.S.R.) * amount to some 18 billion dollars. About two thirds of this consists of gold held by governments and central banks. The rest is made up of balances held in foreign official and private accounts with American banks, and of foreigners' holdings of short term dollar securities. The present total of 18 billion dollars compares with 14 billion at the outbreak of the war and 20 billion at the end of hostilities in August 1945. In the first postwar year foreign countries' drafts on their gold and dollar assets were approximately offset, in the aggregate, by new acquisitions of gold from their own current production; in August 1946, a year after V-J Day, foreign gold reserves were if anything somewhat higher than at the close of the war, and dollar balances and short term securities had declined by only 200 million dollars. In contrast, during the seven months of the second postwar year for which statistics are available foreign countries not only utilized their current gold output, estimated at 700 million dollars a year, but also drew on their monetary gold stock to the probable extent of 800 million dollars (apart from transfers of gold to the International Monetary Fund). In addition, they spent 1 billion dollars of their short term dollar holdings.

The picture can be seen more clearly, however, if, instead of looking merely at the aggregate size of the foreign gold and dollar holdings (i.e. other than U.S. and U.S.S.R.) one considers the distribution of such holdings by areas. The liberated countries of Western Europe, which held 5.4 billion dollars of gold and dollar balances just before the war, and some 3.7 billion dollars in August 1945, had 3.2 billion left in August

1946 and only 2.5 billion in March 1947. In this Western European area, the official French gold and "hard" currency holdings were reduced from the equivalent of 2.6 billion dollars at the liberation to about 1 billion at the end of 1946. Dutch gold and dollars declined by one third, amounting last March to 400 million dollars. Belgium is the only country in the area whose reported gold and dollars were higher at the end of 1946 than at the time of liberation; they increased by 40 million to some 900 million dollars, largely because of the goods and services furnished to American troops in the final phase of the European war.

In the "neutral" countries of Europe, gold and dollar holdings now amount to 2.5 billion dollars and are about 1 billion higher than before the war. This increase is largely due to the accumulation of gold by Switzerland and Spain. Sweden, the remaining European "neutral," which in August 1945 possessed almost 700 million dollars of gold and dollar balances and maintained this reserve practically unchanged until after the revaluation of the Swedish krona in July 1946, lost some 250 million dollars of its reserves between August 1946 and March 1947.

No British figures are available later than December 1946, at which time official gold and dollar balances amounted to 2.6 billion dollars. In August 1939, they had amounted to 2.1 billion dollars. However, British private dollar holdings are believed to be lower now than before the war.

Latin America, which during the war increased its gold and dollars from 1.1 billion to 3.9 billion dollars, further expanded its holdings by some 260 million dollars in the first year after V-J Day, but used up 700 million dollars in the first seven months of the second postwar year. Thus, on the whole, Latin American gold and dollar resources are still very large in comparison with the prewar years, but the shrinkage has been considerable in a number of countries in the area. Argentina's gold and dollar reserves declined from 1,411 million dollars at the end of September 1946 to less than 900 million dollars in June 1947; Brazil's holdings from 6.13 million dollars in August 1946 to around 500 million dollars in February 1947; and Mexico's gold and dollar assets from 350 million dollars on V-J Day to about 200 million dollars at present.

Canadian gold and dollar resources, official and private, which amounted to only 400 million dollars in December 1938 increased to 1,883 million dollars at the end of 1945, but they declined last year to 1,475 million dollars at the year end and subsequently are reported to have been reduced further, although more recent figures of gold holdings have not yet been made public. The resources of the

leading sterling-area countries (excluding the United Kingdom) increased from some 600 million dollars in August 1939 to 1.4 billion in March 1947, owing primarily to the accumulation of gold by the South African Union.

To sum up: foreign gold and dollar balances in the aggregate are still considerably higher than they were in 1939, but the over-all increase covers widely divergent changes in the distribution by areas. Liberated Western Europe, which had 5.4 billion dollars in August 1939, had only 2.5 billion dollars left in March 1947. On the other hand, the gold and dollar holdings of "neutral" Europe, which amounted to 1.5 billion dollars in August 1939, are at present 1 billion dollars higher. The United Kingdom's gold and official dollar holdings, which were about 2.1 billion dollars in August 1939 had risen to 2.6 billion dollars at the end of 1946, but this increase in official holdings may have been partly offset by some decline in British private dollar holdings. The gold and dollar assets of Latin America were at 3.5 billion dollars in March 1947, compared to 1.1 billion dollars in August 1939, but some countries were rapidly depleting their holdings, and those of the principal sterling area countries (excluding the United Kingdom), which were at 0.6 billion dollars at the outbreak of the war, had risen to 1.4 billion dollars in March 1947. Canada, which had only some 400 million dollars in December 1938, had nearly 1.3 billion dollars in December 1946, but undoubtedly has considerably less than that amount now.

In judging the significance of the wartime and postwar changes in foreign gold and dollar holdings, several facts must be kept in mind. First, it must be noted that these are only the changes in the official gold monetary stocks and official and private dollar balances; they take no account of the quantities of gold which have been hoarded by the public in many countries. While it is impossible to give an accurate figure for gold hoarded abroad before the war and now, it is known that a very substantial increase in hoarding has occurred since 1939. There is reason to believe that gold privately hoarded outside the United States may amount to several billion dollars, but nothing can be said as to its distribution by countries. Moreover, gold held in this way is of no present use to the monetary authorities of the countries where it is held. Hoarders who have already declined to turn in their gold to the authorities are unlikely to do so until monetary and economic stability is restored in their respective countries or until clear-cut and comprehensive plans for the restoration of such stability are being effectively carried out.

It is necessary also to keep in mind that only a portion of the reported holdings of gold and dollars is actually available for meeting balance of payment deficits. A large part represents legal currency reserves which central banks are required to maintain under existing monetary legislation of cus-

* Because of the absence of official Soviet statistics in this field, it is not practicable to include the U.S.S.R. in the survey.

SMUGGLING IN CHINA FOREIGNERS AS SCAPEGOAT.

Many of the ills and shortcomings, the moral degeneration and political disintegration of China have been blamed by some Chinese government spokesmen and official and semi-official publications particularly in Nanking and Shanghai, on the foreigners at large. Absurd reasoning was always applied in order to convince the Chinese public that it was not official corruption, incompetence, monopoly exploitations, civil war persistence, etc. which frustrated the post-war dreams and ambitions of the nation or at least its more rabid nationalistic exponents.

The Nanking fanfare of accusations against foreign powers' inter-

tomary practice. While the legal reserve requirements (where they have not already been suspended or substantially reduced) could of course be altered, it may be doubted whether in the present circumstances such a procedure would be conducive to restoration of confidence and to orderly reconstruction. Secondly, more than half of the 5 billion dollars of American balances and short term securities held by foreigners are owned privately, and their utilization therefore depends on the willingness of the foreign owners to repatriate these funds or on the ability of foreign governments to requisition them under their exchange control powers. In any event, a sizable part of the dollar funds of the foreign countries are working balances that have to be kept above a certain minimum in order to insure an uninterrupted flow of international trade. Owing to the rise in the American price level, these minimum working balances tend to be higher than before the war.

The rapid rate of utilization of gold and dollar resources held by liberated Europe is the result of three factors: the postwar rise in American prices, a succession of natural disasters since the war, and the slowness of European recovery. The impact of the substantial rise in American prices has been particularly detrimental to Europe because the latter currently depends on imports of food and other essential products from America. Last year's crop failures in many Continental countries and the exceptionally severe winter, which not only delayed spring planting and adversely affected this year's agricultural output but also interrupted the regular supply of coal and retarded industrial production, aggravated Europe's balance of payments position by increasing the import requirements and by retarding exports. But the crucial problem is the slowness with which Europe is achieving the degree of recovery which would enable it to increase the domestic production of goods that now have to be imported, as well as of export goods the sale of which would contribute to the payment of essential imports.

ferences and influences, trumpeted into the ears of the all-too-gullible but otherwise irritated and resentful people at home, has often caused retorts abroad when the more glaring examples of Chinese official whitewashing at the expense of foreigners reached time and again heights of mind-poisoning. Very much more harm could have been done to international understanding and mutual tolerance by these essentially anti-foreign effusions of responsible Chinese officials and their subservient press if it had not been for the healthy commonsense of the Chinese people at large who have learned to see through the duplicity of so many of the official announcements released with usual propaganda accompaniment.

In order to cover up inefficiency and mismanagement, graft and lack of central control over considerable parts of China under Nanking's jurisdiction, attempts were made by officials to extricate themselves from the onus by accusing foreign individuals or authorities and holding them as it were responsible. There is always a soupçon of blackmail in such "accusations"; but at times blackmail even drops its polite mask.

Flagrant examples of distorted logic and anti-foreign propaganda were recently served the world public by editorials appearing in some sections of the Chinese press which blamed the United States for everything which went wrong in China including the civil war, the progressive monetary inflation, undermining of social morals, decline of Chinese industrial production, increasing trade deficit etc. It was even publicly argued that China is now the responsibility of the U.S.A. since the efforts at conciliation of the civil war by Gen. Marshall came to naught in the end. Financial support was demanded in Nanking as something to which the Chinese Government were entitled and some editorial writers claim in all seriousness that by complying with the wishes of Nanking the U.S.A. can atone for her past mistakes in China and try to gain again the confidence of the Chinese.

Large-Scale Unrecorded Trade

The very large extent of unrecorded foreign trade of China has also been blamed on the lack of cooperation by foreign powers. The Chinese Customs, collecting import duties which form the principal revenue source for Nanking, have been unable to record all imports on account of various reasons as outlined below. Furthermore a substantial volume of China produce regularly leaves for abroad without official knowledge of the Customs which fact reduces the potential foreign exchange earnings of Central Bank of China. Since the Nanking authorities are not able to enforce their own regulations but

have to acknowledge facts sooner or later, they often resort to the old habit to explain away their own failures by blaming foreigners. Foreign countries are expected to enforce on behalf of incompetent Chinese authorities the control of imports into and exports from China; otherwise these countries are denounced as not cooperating with China or even encouraging unrecorded trading with China.

Much publicity has been wasted in Nanking on what was termed there the lack of cooperation, or even connivance at unrecorded trading, by Hongkong Government. At times semi-official and inspired comments in the Nanking press were irritating and considered by the Chinese business community extremely unfair.

For ulterior motives Hongkong was singled out for a time but the unreasonable pen attack could not be kept up. The facts are too obvious to be obscured by professional white-washers.

Methods of Smuggling

Unrecorded trading with China is carried out by ordinary Chinese merchants—many of whom are engaged in smuggling in the proper sense of the word—and by large commercial companies and corporations some of which have close connections with leading politicians and generals and their families. These important commercial interests, with political affiliations, avail themselves of the ready services offered by:—

(1) some highly placed military officers both in the central and provincial armies; pacification or peace preservation officers; junior officers and quite a few of the rank and file. (Cases of graft and corruption discovered among generals are piling up; recently two generals were shot in Canton after being convicted by a court martial for a variety of grave offences; generals and staff officers in nationalist controlled Manchuria have recently been indicted for outrageous lootings of the public, misappropriation of funds and properties, operation of public property for personal gain; the expropriating practices employed by army and civilian authorities who came to Taiwan after October 1945, and the revolt and massacre which resulted from this mad rampage are fresh in the minds of Chinese and foreigners alike.)

(2) Some officers in the Chinese navy. Cases were revealed when naval boats carried contraband into Shanghai, naval officers dared the law but some were finally brought to justice; others operated a naval gunboat for the transportation of illicit cargo into and out of China.

(3) some officers in the Chinese air force (CAF). Cases were discovered when CAF officers transported illicit cargo within Chinese provinces (where domestic transportation embargoes exist), airlifted banned foreign goods into China. Many CAF planes were used by the crew for private commercial enterprises.

(4.) Provincial and district officials are sometimes, against profit sharing, actively or passively assisting the merchants in transporting unrecorded merchandise, gold, silver within the areas under their authority. In this regard the account on "Chinese Secret Societies", published elsewhere in this issue, sheds light on the actual conditions of power held in many towns, villages and districts.

(5.) Some corrupt officials in the Customs service (including preventive service).

Furthermore there are serious suspicions about the collusion of several CNRRA officials with the smuggling trade and many cases of individual malfeasance were investigated by the Chinese authorities.

It must be borne in mind that there are all over China, as far as under Nanking's jurisdiction, both areas in the interior and adjoining the coast which are under Communist control or where bandits and pirates have set up, probably with the support of one or the other secret society, a sort of self-governing body.

Unrecorded trade is flowing in and out of China practically all along the coastline and where there are land frontiers. Some foreign individuals take part in smuggling as recent discoveries by the U.S. Army authorities in the Pacific have proved; a number of members of U.S. Navy and Air Force stationed in North China have been implicated. North China ports are probably the most important smuggling centres particularly as regards Chinese exports to the U.S. Unrecorded trade carried on via Shanghai is always heavy but it has to rely for its success, except for some corrupt Customs officials, mainly on influential circles among civilian and military authorities.

The Fukien coast with Amoy as the centre has been and is being utilised by smuggling organisations operating usually from Philippine bases. Overseas Chinese in the Philippines and Fukienses have developed smuggling to a smooth and reliable transport proposition. Taiwan, the Chekiang coast are increasingly getting into the limelight of unrecorded trading; Japanese goods are already carried into China via Taiwan, Fukien or Chekiang ports.

Unrecorded traffic in foreign goods and China produce occurs regularly across the Chinese borders with Indo-China and Burma. What amount of trade passes without Customs registration across the western and north-western frontiers is hard to estimate but it appears that the Chinese Customs are not even attempting to register it. The farther one proceeds to the west of China proper the more Nanking's authority fades out.

Hongkong's Position

As is observed all over China, unrecorded trade is also conducted across the sea and land frontiers of Hongkong. The comparative prosperity of South China has naturally encouraged more trade in this area than in the civil war ridden parts of North China. Consequently there has been a large volume of recorded and unrecorded trade between Hongkong and China.

It is not the duty of Hongkong Government, or for that matter of any other government, to enforce China's trade and exchange controls from the outside. However, cooperation within the limits of existing laws has always been rendered by the local authorities. Since Hongkong has been picked on only as a scapegoat for the failures of Chinese controls, it is futile to argue; criticism was inspired by bad faith and was never intended to be constructive.

Nevertheless, Hongkong Government has in fact taken energetic steps to prevent illicit cargo from leaving the port for China. Government makes use of the local law against the carriage of unmanifested cargo. This law originally had nothing to do with anti-smuggling measures but was intended simply to protect shipowners against the loss of freight revenue. Hongkong is under no obligation either by law or treaty or international usage to prevent smuggling into China—except of course in the case of arms and dangerous drugs—however 30% of the preventive staff of Hongkong Imports & Exports Dept. is engaged on the detection and seizure of unmanifested cargo and this represents a purely gratuitous service to China. These measures have been very effective as proved by the big and repeated seizures made and many convictions registered before the local courts. Thousands of Chinese are thus punished but it is only the small people who suffer while big and valuable quantities of imported goods are entering China well protected by influential commercial, political and military groups.

The heavy quantities of unmanifested cargo recently seized have led to a strong suspicion here that there must be an efficient organisation operating in many Chinese ports which safeguards the unmolested unloading of such cargo; indeed if not for the existence of protective organisations in such ports as Swatow, Amoy, Foochow very little unmanifested (or pigeon) cargo would be taken out of Hongkong. There is also an increasing amount of dutiable commodities (tobacco, cigarettes, liquor, wine, beer) secretly shipped out of the Colony which is being done in one or more instances under the protection of a smuggling organisation.

The local authorities have their hands full to stop the illegal activities of smugglers who continue to export goods which are either prohibited or under control and they

have furthermore to see that no imports are carried into the Colony which are not covered by an import licence. The preventive service of Hongkong has been rather successful during recent weeks but the absence of discipline and law-abiding spirit on the part of a not inconsiderable part of the local trading community and the spreading lawlessness in neighbouring China militate against a really efficient enforcement of the export and import regulations of Hongkong.

A surprising incident happened a few days ago when again some unmanifested cargo was seized by the Revenue officers with the help of the Police; the frustrated Chinese smugglers appealed to the local office of the Chinese Commissioner for Foreign Affairs and an official actually interceded on their behalf. It was established beyond doubt that the goods seized were definitely commercial cargo.

The Cotton Yarn Case

As an example of Hongkong's co-operation with the Chinese Government which entailed more than a material sacrifice of Hongkong's interests to those of China the following facts are recalled:

By the middle of last year, H.K. Government had been unable to secure supplies of cotton yarn for H.K. weaving and knitting factories, but they themselves managed to secure certain supplies of very expensive smuggled Chinese yarn with which they proceeded to put their long-idle factories into production. Certain quantities of Chinese cotton textiles were also finding their way into Hongkong market. The export of the textiles manufactured in Hongkong and of Chinese textiles was freely permitted and by August and September exports had risen to 26,400,000 and 31,600,000 yards respectively.

In October, however, representations were made by the Government of China to the effect that these activities were prejudicial to China's own economy and Hongkong was requested to prohibit the export of Chinese textiles and of textiles made from Chinese yarn. The Hongkong Government at once agreed to do so. The cost of this act of self-denial by Hongkong can be assessed by the fact that by November exports of textiles had dwindled to 3,800,000 yards and over 100 factories had closed their doors, not to open them again until supplies of yarn arrived from Japan in January, 1947.

The following statistics of monthly exports of piece goods clearly show how effective the action taken by Hongkong Government was:—

Jan. 1946	1,000,000 yards.
Feb. "	500,000 "
March "	3,300,000 "
April. "	3,800,000 "
May "	6,700,000 "
June "	11,700,000 "
July "	18,100,000 "
Aug. "	26,400,000 "
Sept. "	31,600,000 "
Oct. "	14,300,000 "
Nov. "	3,800,000 "
Dec. "	7,500,000 "

CHINESE SECRET SOCIETIES

Apart from the lack of administrative capacity of the Chinese Government, to say nothing of the probity of its officials, apart from the semi-independence enjoyed by several Provincial governors, district chiefs and the remnants of war lords living out their lives on ill-gotten gains, apart from the "state in the state" position which the military has arrogated itself since the end of war, there are the powerful secret societies in China which all together militate against any successful enforcement of domestic controls instituted by Nanking.

Such complicated and modern measures as copied with more or less accuracy by the Chinese Government from foreign models in the fields of foreign trade planning, exchange restrictions, import quotas and licensing etc. can only be expected to be applied with success in a modern, disciplined and efficient country. It is only natural, therefore, that the rather elaborate system of trade and exchange controls in China has not worked very well.

The importance of secret societies in connection with the above may well be judged from the following excerpts of a long study made by Mr Liao Tai-chu regarding the Ko Lao Hui (Brothers' Society) in Szechuan, an organisation which finds its equals and possibly rivals in the many other provinces of China. The author, whose essay appeared in "Pacific Affairs," emphasises that this secret society's importance "especially in rural areas is very great indeed. Involving many persons in all classes of society, it influences almost every aspect of daily life, social, political and economic."

Mr Liao's description of the *de facto* independence of the Ko Lao Hui in many *hsiens* of Szechuan and its preponderant position in many aspects of government administration sheds light on the actual authority wielded in considerable sectors of China. (Ed.)

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Another reason for the continued existence of the Ko Lao Hui in Szechuan is the confusion and disorder which have prevailed there in recent years. During the war the central government, which had established its capital in Szechuan and was anxious to avoid unnecessary unrest, encouraged the provincial government in its lax administration. The attitude of compromise adopted toward most problems fostered the development of localism and gave the Ko Lao Hui an opportunity to increase the scope and variety of its activities to a point where it interfered with many aspects of government administration. In any case, government in Szechuan has been so corrupt for so long that the people have no confidence in it.¹ The war years simply aggravated popular dissatisfaction

with and distrust of the government, so that any new official measure is received with suspicion. The people have become accustomed to managing their affairs and settling their disagreements by extra-governmental means.

The Ko Lao Hui is not a political party, nor does it entertain any pretensions regarding the shaping of national policy—so long as the interests of its middle-class founders are not endangered. Thus far Ko Lao Hui political activities have remained defensive. Individual members may occupy important government posts, but the society as a whole remains aloof from Kuomintang politics. The society has voiced sharp criticism of Communism, which it regards as inimical to middle-class interests. While adopting a *laissez-faire* attitude toward politics, the Ko Lao Hui keeps the closest watch over government policy, especially where it considers its own interests to be concerned.

An illustration of how the Ko Lao Hui functions in this respect may be seen in the typical case of Huang Jun Chin, branch director in the village of Yuan T'ung. To the people who live in it, Yuan T'ung seems less a village than a country of which Huang is king. He owns some 400 acres of land and several thousand side arms which are borne by 3,000 men (all society members) directly under his command. In the county seat he and some of his men occupy a huge mansion fortified with machine-gun emplacements. Several close relatives hold important positions in the municipal and provincial governments. Although they are paid by the county government, two platoons of guards and policemen are armed with Huang's guns and are answerable to him alone. His men are also in the magistrate's office; in fact, the magistrate is no more than a figurehead whose function it is to transmit government orders to Huang and to await his instructions. The county administration takes no action without Huang's prior consent. He not only presides over the county council, but appoints all of its other members. Huang's case is typical of the power of the society which, though essentially non-political, frequently interferes with, and occasionally assumes direct control of, county government.

Of course, the society manifests its power in other ways. For example, local coal mines and salt works cannot move their products to market until they have paid the society large sums on each shipment. Before making tours of inspection in the districts of the Chengtu Plain, government officials are expected to notify, and to secure the protection of, Ko Lao Hui officials. This procedure is necessary because bandits, county guards and administrators are usually all members of the society.

Each branch of the society derives its regular income from a number of sources, of which opium dens are the most important. In one locality there are ten such dens, each run by a different high-ranking member. Each must contribute a definite sum to the branch, as must the semi-secret gambling houses and brothels. Illegal transactions in prohibited goods such as arms, gasoline and other vital war materials are effected under the supervision and protection of the society, which collects a fee on each transaction. Another source of income is the "market" where, though no goods are handled, such commodities as rape seed, rice and the like are bought and sold in wholesale quantities; since no goods are in evidence, the government agent, if he is present, sees nothing on which to levy a tax, but the society, keeping a complete record of transactions, collects a tax in place of the government. In addition, the Ko Lao Hui controls many inland communications in the sense that it operates chains of control points similar to customs houses at which merchants and other travelers are stopped for contributions.

Other, irregular sources of income are more difficult to assess. Most big stores within the territory of a branch must present gifts, in cash or in kind, either to the director or to the branch, several times each year. The amount of the contribution depends on the size of the store. Special collections occur frequently and may affect not only businessmen but also landowners, who pay a certain amount on each acre. Although stealing, robbery and kidnapping are not openly encouraged by most branches, members who have committed such crimes usually go to their director and present the branch with a large portion of their gains in return for its protection. (One can usually regain a "lost" article if one knows the right person in the branch to turn to.) Some leaders of the Ko Lao Hui capitalize on the power of the society for private and selfish ends at the expense of non-members, or even of other members, but a portion of their profits are invariably devoted to the needs of the society.

¹ The demobilization, in the closing years of the Sino-Japanese war, of many Szechuanese troops without adequate provision for their reemployment greatly swelled the number of undesirable members of the society, and in turn made things more difficult for the government. The possession by society members of an extraordinarily large number of small arms aggravates the situation. In the course of his investigation of two districts near Chengtu, the author learned that nearly every member of the Ko Lao Hui in those localities owned a pistol or a rifle. In Chengtu district one out of every two members possessed such arms without a license. Leaders not infrequently had late-model machine guns.

PLANS FOR THE DEVELOPMENT OF KWANGTUNG

The authorities in Kwangtung have published for several months past the drafting of a number of Five-Year Plans, the first of which is partly reviewed below by a Chinese correspondent. While there has been conspicuous lack of rehabilitation in the neighbouring province and the immediate outlook for any rehabilitation work is not promising, the people have been expected to find solace in the repeated publications of the First Five-Year Plan of Kwangtung.

The overseas Chinese of Kwangtung ancestry will have to play saviours to the Province by investing their savings in enterprises to be established according to the Five-Year Plan and also to come home in order to help in person. Considering the unsettled conditions in China at large and the difficulties facing Kwangtung not many overseas Chinese will return; in fact, considerable emigration, legal and illegal, has been observed during 1946, and this year. There are hundreds of thousands of Chinese in South China who are anxious to start a new life abroad, be it in Siam, Malaya, the Philippines, Burma, America or elsewhere.

The political strife in Kwangtung is largely underground but civil war operations are flaring up here and there and it appears that some areas on the mainland and a large part of Hainan are under Communist control. What is described in official jargon as bandit activities may largely be attributable to Communist guerrillas; however, if there are in addition that many groups of genuine bandits as is described in the vernacular press of Canton the degree of civic insecurity must be very high, particularly when one learns that these outlaws are holding considerable parts of districts in the Province at ransom.

As long as the civil war in China is not settled there may be few overseas Chinese or other investors who would think of sinking their funds into any kind of development scheme in China—political loans excepted.

The amount of plans, composed by official or private sources, is in direct contrast with the actual state of rehabilitation, not to mention development. There have been also some foreign negotiators trying to assist in the development of Kwangtung, and plans were made in addition to the Chinese schemes. An American company, describing themselves as "negotiating agents", have outdone all the other planners; their particular development scheme involves the expenditure of US\$157,600,000—exact to the lakh. The capital is to come from American private sources or from the Import-Export Bank, Washington, for the following enterprises: Kwangtung Province: deep-water harbour, gas works, automobile assembly plant, coal mine exploitation, shipyard, hydroelectric plants, highway construction, irrigation, fertiliser plant, cement factory, glass factory (total US\$83.1 million); Kwangsi Province: similar establish-

ments costing an estimated US\$74.5 million.

American technical experts here were more than sceptical about the future of these plans when the meagre details were made public and opined that, apart from the financial proposition which was not up to them to judge, the creation of so many industries, a deep-water harbour etc. would require a considerable force of engineers and technicians who will be probably unavailable for China.

All the reconstruction and development plans for Kwangtung and Kwangsi—and even one or more provinces as far as the plan of the American "negotiating agents" is concerned—appear to be inspired by well-meaning and even enthusiastic industrial promoters but the realities of the situation have not been fully taken into consideration. (Ed.)

KWANGTUNG'S FIVE-YEAR PLAN (By A Chinese Correspondent)

Kwangtung is looking to several million overseas natives for its reconstruction and future development as the Province has hardly any heavy industries. The war put to ruins such projects as coal mining and reduced others to one-third or one-half. Communications were also much disrupted. From all outward appearances Kwangtung has not been making any progress since the war. If this situation continues Kwangtung will soon find itself among the backward provinces in China.

Reconstruction is still in the blueprint stage. For eight months, Canton Government and over 100 technical, economic and educational experts worked on a blueprint for a five-year reconstruction and development plan and a Committee has been formed to carry out the plan. High hopes are put on overseas Chinese participation in the plan without whose support not much will be achieved.

The Five-Year Plan

Kwangtung's first five-year plan is comprehensive, it embraces education, public health, soil preservation, civil servant training, technical research, city and town improvements besides industrial and agricultural developments.

For agriculture and light industries immediate increase in production is emphasized.

The first five-year plan tentatively calls for P.W.C.\$600,000,000 (pre-war Chinese dollars, that is, the 1937 Chinese dollar). The budget is based on pre-war costs. Eighty per cent of this sum will be applied to economic reconstruction and development, 15 per cent to cultural development and five per cent only to political development. No financial returns are expected from the last two categories, but an average annual return of P.W.C.\$5 million beginning from the second year is envisaged from government-managed enterprises. Twenty per cent each of the amount designated

for political development are earmarked for public health and social welfare and 10 per cent for the development of existing and new cities and towns.

Education Plans

In view of the need for technical manpower to carry out the five-year plan, more than half of the budget for culture, that is, P.W.C.\$49 million will be expended on secondary education, with P.W.C.\$27 million for vocational training to provide 70 per cent of the technicians and 27 million to train teachers for universal education. Higher education, which takes 10 per cent of the total education outlay, will provide 60 per cent of the engineers and highly trained personnel needed.

Universal education has been expanding every year but as far as school equipment, buildings and standards of both the students and the teaching staffs are concerned, rehabilitation has not been possible.

Industrial Development Plans

The total budget of these plans calls for 480 million: Industries and mining, 141 million; generating plants 30 m., agriculture, 114 m., and water conservancy, 81 million. Steel and machinery manufacturing each share about 15 per cent of the industrial budget. The objective is to build iron and steel works with a melting capacity of 500 tons daily in Canton.

Kwangtung's rice deficit is still 12,000,000 piculs a year, despite yearly increases throughout the war. The five-year blueprint aims at meeting 40 per cent of this deficit, an increase of 4,800,000 piculs of rice, supplemented by 50 million additional piculs of miscellaneous grains. Attention is also directed at increasing and improving the cultivation of sugar cane, tobacco, fruits, silkworm, flax and ramie.

Raising of Funds

To meet the budget of the plan, Canton Government proposes to raise funds in the following manner:

(1) Petition to the Central Government for Japanese reparations materials and U.S. reconstruction loan, P.W.C.\$100 million, (2) Floating of reconstruction loans 150 m., (3) Sales of existing government enterprises and shares and mortgage on new machinery, 120 m., (4) Increase in government revenues through check on tax evasion 55 m., (5) Returns on Government enterprises, 20 m., (6) Overseas investment, 75 m., (7) Foreign investment, 88 m.

A Chinese pre-war dollar equalled about 29½ U.S. cents, 1/2¼, 93% HK\$ cents.

Since early 1946 thousands of overseas Chinese have been returning to Kwangtung with the intention of investing but almost all left finding the present economic and political situation not stable.

There are three groups of overseas Cantonese whom the Govt. wished to reach: in Hongkong; in Far East, and in the Americas. Govt. aims at attracting five per cent of the holdings of Chinese in Hongkon, i.e. P.W.C.\$5 million.

(Continued on Page 408)

POLITICAL STRUGGLE AND REHABILITATION IN THE PHILIPPINES

Two years after the end of war and more than one year after the establishment of the Philippine Republic the agrarian reform movement has not been suppressed, on the contrary the movement has been gaining strength among peasants in all provinces and islands. The militant opposition led by the Hukbalahap (Huk) and the National Peasants Union (PKM) appears firmly entrenched in Central and Southern Luzon. All punitive campaigns by the Philippine Government, often with the aid of U.S. forces, have not led to a lasting success for the Malacanan (the Presidential Palace in Manila). The guerrillas continue to control areas not far from Manila where they enjoy the support of the peasants; the more inaccessible and mountainous areas of Luzon and other islands remain the basis for the Communist-led Huks and PKM.

The leaders of the peasants in their revolt against government are Mr. Luis M. Taruc, the chief of the anti-Japanese guerrillas in the Philippines during 1942-45, and Mr. Mateo del Castillo, main organiser of peasants' resistance. The feudal land tenure system prevailing in the Philippines is the main target for Huk and PKM attacks in which they have the sympathy of many officials and party members in Manila. The continued existence of archaic agrarian exploitation has strengthened the Huk and PKM movement and rallied to their support a considerable number of the Philippine intelligentsia.

Many Chinese in the Philippines are actively sympathetic to the Huks and Chinese contributions to guerrilla operations have been generous. Some of the outstanding guerrilla leaders and considerable numbers of overseas Chinese are found among the fighting Huks. Political radicalism has characterised overseas Chinese in all Far Eastern countries where they settled since generations or only recently. It appears that Chinese political consciousness is more developed.

The solicitation of capital among Chinese in the Far East area is considered with some unsupported optimism in Canton. The trend of post-war national aspirations in many areas has made it difficult for many Chinese to conduct business there as before. Many are contemplating returning to China for good and they may invest their savings at home.

The war gave better business opportunities for Chinese in United States. Many first generation overseas Chinese are old and want to return to China. Others have surplus funds to invest in Kwangtung.

Govt. believes in the important part to be played by overseas Cantonese in Kwangtung's future and wants to give preference to overseas Chinese in every respect. Business concerns started by the Provincial Government will be sold to overseas Chinese before other groups will have a chance to bid.

Economic Progress

However, the disturbances caused by the militant agrarian reform movement led by the Communist Party have not retarded the progress of Philippine rehabilitation. Allround production has been increased in 1947 and most targets have been reached or even exceeded. Agricultural and mining activities have remarkably expanded and the basis has been laid for the future prosperity of the Islands. The linking of the peso to the U.S. dollar has proved to be a boon to Philippine progress and the assistance rendered by the American Govt. in many ways but principally in the form of substantial loans has been responsible for the fast tempo of reconstruction carried out in practically every field. The progress is so much more impressive in view of the many and very heavy destructions suffered by Philippine cities, mines, farms, communications etc.

"Economic Independence"

Farseeing Filipino business men are already planning for the fullfledged economic independence of the Republic; so far American protection and advice have been instrumental to rehabilitation and it will take many more years for the Philippines to grow up and out of the present phase of "colonial economy." This is the phrase which one of the most ardent advocates of economic independence of the Republic, Mr. J. Salvador Araneta, (President, Philippine Chamber of Commerce) uses in order to drive home to the Filipinos the present incompleteness of sovereignty.

Many leading industrialists, bankers and politicians in Manila desire a radical change of economic planning as soon as rehabilitation work has reached a satisfactory level. In such case the industrialisation of the Philippines will be seriously attempted. The success of Japan as a modern industrial power is haunting the more nationally ambitious Filipinos. The prerequisite for success of industrialisation in any Far Eastern country is the establishment of protective tariffs, a measure which the U.S. finds most distasteful. Another serious proposal of the "economic independence" movement by certain Filipinos is the demand for untying of the peso with the U.S.\$.

The hopes nurtured by so many in the Republic regarding the industrialisation of the country and its subsequent economic independence are sympathetically discussed by American and European traders in Manila but it is generally realised that basic conditions for the erection and operation of modern heavy industries are not favourable in any tropical country. Geography has already decided against the industrialisation of the Philippines. It is axiomatic that the human mind develops best and achieves most in the temperate zone.

AMERICAN BUSINESSMEN'S DISAPPOINTMENT IN CHINA

Hardly a week passes without public expressions of disappointment and dissatisfaction by American bankers, industrialists and traders both in the press of the U.S. and elsewhere. Private expressions are of much more forceful character than appears from public releases. The leitmotif for some time has been increasing discrimination by Chinese officials and organisations against American and other foreign business in China. It is not the enforced and understandable trade control which is steadily built up by the Chinese Government but the discriminatory character which this control reveals at every turn. The basis of Sino-foreign trading, in the words of a prominent American business man, seems to be the promotion of Chinese bureaucratic and privileged family business at the expense both of foreign interests and the ordinary, politically unsupported Chinese merchants. Discrimination has been developed to a policy and recognised as a principle when dealing with foreign interests.

In a survey published by Mr. B. G. Davis, president of Ziff-Davis Publishing Co., in the American magazine "Banking," and based on the author's personal investigations, the following passages speak for themselves: "China's economics are being rigged against the U.S. businessmen to discourage them, with the immediate objective of preventing loss of foreign exchange for imports and as a long range objective of discouraging all foreigners from doing business in China. In China where since 1890 when the doors were opened by John Ray in the hope that 450 million Chinese would require everything that modern technology of civilisation can produce that prospects (of promising enterprise) are the gloomiest. As a matter of fact my impression today is that the shoe is on the other foot and whatever exploitation there is it is on the part of the Chinese toward the foreigners."

Mr. Davis further comments on "the rising nationalism (that) has resulted in the development of anti-American commercial discrimination throughout the Orient." Even in the Philippines America does not look forward to a future of U.S.-Philippine commercial relations without anxiety.

As regards Siam, Mr. Davis notes that it is the "one place where Americans are genuinely welcomed." In Japan the American businessmen will encounter formidable difficulties, however, "possibilities for American enterprise in Japan are considered more solid and more promising for the immediate future than in any other spot in the Orient."

THE REALITIES OF THE POSITION IN CHINA

The American press devotes much space to developments in China but its attention and comments have not found approval in Nanking. The fact is that the American press on the whole is very critical of the Nanking regime and it has been growing more outspoken from year to year. In the following editorial articles of leading newspapers in the U.S. the tendency towards a change of attitude and outlook vis-a-vis China on the part of the American public at large is very clear. The first article is reproduced from the Christian Science Monitor, Boston, and was written by Mr. H. S. Hayward.

I

In the tense post-war struggle for power in the Far East, vital factors that were almost totally unforeseen or unheeded two years ago today are shaping the relationship of Oriental nations to one another—and to the great Occidental powers as well.

One of the most crucial of these factors has been the widespread failure to estimate the relationship of China and Japan.

During the war years, it was easy and natural to oversimplify the situation. The tendency was to reason that Japan, the enemy, would be defeated, that this defeat would reduce Nippon for decades to the rank of a secondary power, and that with Japan eliminated from the limelight, China, the Allied power, would become undisputed leader of the Far East.

China, a Failure

It simply has not worked out that way. Even with Japan vanished, China has not emerged as the premier power of the Orient. Nor has Japan's defeat completely eliminated it from the prospect of a future leadership role.

Indeed, China today is so deeply enmeshed in internal strife—and Japan apparently is capable of staging so steady a comeback from the war—that much of the advantage that accrued to China from fighting on the Allied side is in danger of being frittered away.

China seems to be losing its golden post-war opportunity—and Japan is making every effort to profit thereby.

Since the turn of the century, Japan's commercial progress steadily has outrun that of China—at a price. Japan disciplined itself to attain political and economic unity—but, like Germany, found this discipline encouraged growth on a military level faster than elsewhere.

Thus, the flowering of political and economic unity enabled an ambitious, aggressive Nippon to develop simultaneously a war machine with which to cement its own narrow political ideology and to thrust outward toward greater economic resources.

China's Break-up

China, on the contrary, lacking political unity and furrowed by the strug-

gles of its contending factions, developed neither the military nor economic potential with which to contain the Nipponese expansionism.

Such was the pre-1939 situation. It may well become the post 1947 trend, too—but with Japan's strength on a new and non-militaristic basis.

Halting Communism in the Far East, or at least drawing the lines on which to stop it, may well rest on how far the threatened disintegration of China is permitted to go. At present, there is grave danger that Nationalist China may break up.

Unless China can mend the breach between its warring Nationalist and Communist groups, and unless the Allies decide to employ a deliberate policy of stripping Japan to the point where its strength is inferior to that of present-day China, Japan's industrial know-how may enable it to stage a recovery that a divided China cannot hope to match. For, despite its status as a former enemy, this industrial development makes Japan more attractive to any big power seeking to consolidate its Far Eastern position.

In view of this situation what are the prospects for a reconciliation between Chinese Nationalists and Communists? The plain fact is that the prospect continues to be exceedingly dim. The contest between the two groups has been going on—with a pause to fight the common Japanese enemy—for over 20 years.

All attempts at conciliation, so far, however, have been predicated on fashioning a unified China at all costs.

China's Partition

But a unified China—even if attained—might prove to be a dubious structure. Unity imposed by crushing the opposition militarily is, at best, artificial and unreliable.

Consequently, some of China's firmest friends and severest critics now are advocating that the ancient land of the Manchus save itself from a secondary position in the post-war world by working out an intelligent scheme for partitioning the country.

Like India, China is one of the few land masses large enough and populous enough to be divided and still allow each section to remain powerful.

Now, at last, a solution for India's problem apparently has been found—not by forcing Moslem and Hindu into the same national mold, but by allowing them to separate into two different units, as their natural tendency has been all along. Although problems remain and it still is too soon to judge finally, at the moment this does not seem to mean that India will disintegrate into contending component parts.

Why, then, would China necessarily penalize itself by splitting into Communist and Nationalist areas? After all the partition method for settling irreconcilable groups is not limited to

the Orient. There are numerous proposals for the partition of Palestine to reconcile Arab and Jewish factions. Ireland was split into Eire and Northern Ireland, on a religious basis.

Moreover, as an aftermath of World War I, Europe's peace treaties embodied both extremes of settlement—artificial unity, as in Yugoslavia, and partition, as in the separation of the Baltic States and Finland from Russia and the breakup of the Austro-Hungarian Empire.

Two Chinas

The simple fact is that China already has been partitioned for many years into a Communist and Nationalist state. If efforts at conciliation could have been channeled toward finding some acceptable dividing line between the two factions, rather than at eliminating the dividing line to attain artificial unity, perhaps a peaceful, partitioned China would have had a chance to exert the influence in the Orient to which it is entitled.

As in any partitioning, the dividing line for China is not easily drawn—or accepted. But there is at least some prospect roughly in the great area between Peiping and the Yellow River. That boundary would give the Communists Manchuria and a portion of North China. Aside from Nationalist tentacles along the transportation routes and in some of the major cities, the Communists control much of this region anyhow.

Although such a compromise undoubtedly would be a bitter blow to Generalissimo Chiang Kai-shek, who persistently has used all-or-nothing tactics, it would leave the Nationalists three quarters of China in area, with a large share of rich farm lands and big industrial cities.

Bitter though the solution might be—and both Chinese factions undoubtedly would complain strenuously at it, no matter where the demarcation line were drawn—it certainly has one advantage which should weigh heavily with both sides. It would give China its great opportunity to cease fighting itself, a chance to concentrate on meeting whatever Japanese post-war challenge may develop.

Prospects of Japan

It may be argued that severing China, thereby granting the Communists autonomy, actually is appeasement of Russia—that it is giving in to Communist demands, or that it is not a solution but a capitulation. This argument would carry more weight had not China already been split for so many years in everything but name.

On the other hand, it is probable that the prospect of aiding the Communist cause in Asia, directly or indirectly, is the stumbling block that has prevented some such compromise from being effected hitherto.

Perhaps the best answer to such criticism is that if the western democracies are determined to "contain Communism" all over the world, the boundaries that are to be maintained must be decided upon and defined now.

They scarcely can be boundaries that Communism already has penetrated—as is the case in portions of China. Rather than appeasing Moscow or the Chinese Communists, a new boundary should help to give the western powers a better-defined line at which to concentrate efforts to stop Communist expansion.

Meanwhile, it is not an untenable thesis that if Japan had been content to win domination of the Far East through economic measures alone, the Pacific war might never have been precipitated. The Japanese were not satisfied to use commercial methods alone—not when military acquisitions promised a far speedier opportunity to gather the Orient's riches. But had they expanded their holdings slowly through trade channels without resorting to force, it is debatable whether they ever would have been opposed by force.

This point, incidentally, has come up for discussion before the War Crimes Tribunal in Tokyo. At least some Nipponese are convinced that if the Imperial Army and Navy had not become involved, all would have been well. Naturally, those who hold this thesis believe that if the new Japan will content itself with economic supremacy, it eventually will be able to win permanently and peacefully much of what it snatched easily but temporarily by military means.

China's Choice

So long as China remains divided and impotent on the world scene, the United States may be forced by the pressure of events to back a quickly reviving Japan. Diplomacy and foreign policy demand a strong, dependable friend in the Far East. This is a factor that unquestionably will weigh in phrasing the peace-treaty terms for Japan. It also unquestionably is a factor that Japanese already are using to their advantage in dealing with the United States.

But if China also were to show definite signs of a renaissance, following the end of its military fiasco, Washington might well be more willing to invest financially and politically in China's future to as great an extent as in that of Japan.

Moreover, since part of Japan's prospects for a return to a place in the Oriental sun are predicated on weak opposition from China, as in the pre-war days, the situation would change radically if China were able to terminate its internal bickerings, mend its physical damage, and develop its potentialities.

Then it would stand on an almost equal footing with a treaty-restricted Japan in the race for prominence in East Asia.

Therein lies China's future—a future offering unequal economic competition with Japan if it remains divided by war—or a chance to attain its full potential in the Far East if partition by agreement can be forged.

II

There is nothing that should cause surprise in the dispatch from our cor-

respondent, Christopher Rand, reporting that right-wing politicians in China may start an anti-American campaign. Reactionary Chinese cliques, including the large one led by the brothers, Chen Li-fu and Chen Kuo-fu, never have been sympathetic to American ideas. They would not be sympathetic to any point of view based on democratic principles.

They are opponents of the Communists, but reject the insistence of Americans that Communism can be resisted in China only by offering the people of the country benefits that can be obtained from Communism plus civil liberties, including the right of political dissent.

The right-wingers cling to the support of semi-feudal ideas in opposition to Communism, rather than to democratic ideas. They persist in the belief, no matter how often it is proved wrong, that Chinese armies recruited from peasant families will fight valiantly in support of an inefficient and corrupt government of a semi-feudal character. This has been of such great advantage to the Reds that the right-wingers should be on the Communist pay-rolls. The right-wingers have enabled the Communists to convince some Chinese that the conflict in China is not one between Communism and democracy but one between Communism and feudalism. It is a conservative statement to say that the extreme right wing in China has been worth 25 divisions to Moscow. (New York Herald Tribune, Aug. 21).

* * *

Shortly after the above leading article was published, and as if to prove that a change of policy in Nanking was possible, Dr. Sun Fo made a public statement in which he, as one of the leading officials of the Chinese Republic, outlined that China could revise its foreign policy by aligning herself with the USSR. A few weeks earlier Dr. Sun Fo assailed the Soviet Union in surprisingly undiplomatic language anticipating at that time together with many other politicians in Nanking a big loan from the U.S. following the fact-finding mission of Gen. Wedemeyer. The American press, if it at all took notice of the statements of Dr. Sun Fo, reacted rather sharply as the following editorial in the "New York Herald-Tribune" of Sept. 18 proves:—

"Unless a wave of insanity is sweeping the government offices in Nanking there is not much cause for taking seriously Dr. Sun Fo's latest idea. Dr. Sun, Vice-President of China, indicated the Chinese will ally themselves with the Russians unless the United States comes to their aid in the current economic and political crisis.

"Any reasoning behind this notion must be of a curious brand. The point seems to be that China, now seeking American aid to oppose a Communist rebellion which has the sympathy of Moscow, will throw herself into the arms of the Reds if the desired assistance is not provided.

"The Chinese are calling 'Help, save us from the Russian bear' and Dr. Sun

is adding, 'and if you don't we will be so indignant that we will let the bear eat us.'

"If Dr. Sun's remark had been offered by one of the less reputable members of the Kuomintang it would have been dismissed as an absurd attempt at blackmail. Dr. Sun is well intentioned, however, and it seems difficult to believe he would be guilty of making a wholly insincere statement for such a purpose.

"It seems equally hard on the other hand to believe that any intelligent Nanking official takes seriously the notion of an alliance with Russia."

III

The American people want to aid China. We have considered ourselves a special protector of the Chinese people since the days of the Boxer Rebellion. This was, of course, partially in self-interest: we wanted a strong, democratic China in the Far East. Neither our friendly feelings nor our interest have changed.

Since the end of World War II, two determined efforts have been made to study the needs of China and to assist in meeting these needs. General Marshall spent months in China in 1946, trying to bring peace between the Central Government and the Chinese Communists. He came home in January after asking many changes in the Chinese Government structure. None of his advice was followed.

Now General Wedemeyer has completed a study mission in China for President Truman. His words are far sharper than those of General Marshall. He puts it up squarely to the Chinese: more directly up to Generalissimo Chiang. It now falls on him to root rascals out of the government structure.

The Chinese, like all people, have a way of trying to shift the blame for their misfortunes. In reply to Marshall's criticism of January, some Chinese charged that the General had listened to too many Communists. General Wedemeyer saw no Communists, so a new defense was necessary. 'Government officials' are quoted as saying that China's plight today is the result of U.S. 'errors'. Such charges are ridiculous. Our agreements with Russia and our understandings at Yalta had nothing to do with the fundamental weakness in China today.

The United States is not going to abandon China. We cannot afford to do that. We want to help her restore her economy. We want her people to be free and prosperous.

If, however, we are to sink millions of dollars into Chinese rehabilitation, we have a right to offer advice as to how our money can best be spent and who is to spend it. We have a right to insist that it go to help the Chinese people and not further line the pockets of government bootlickers.

Chinese officialdom would do well to follow some of our advice. Following their own ideas has brought them to the brink of catastrophe. (Milwaukee Journal Aug. 30)

EXCHANGE & FINANCIAL MARKETS

AMERICAN DOLLAR TRANSACTIONS

Fresh demand for T.T. New York coming from gold importers and merchandise importers of American goods maintained the rate in the face of speculative selling of funds in New York. There is a rather general feeling here that sterling will appreciate on the various open exchange markets and reports reaching here invariably state that the recent sterling speculation a la baisse has come to an end. Quotations from Beyrouth, Tel Aviv, Aden, Tangiers, Zuerich, New York etc. all indicate increased demand for free or unofficial sterling. New York free market transactions were reported between \$2.95 to almost 3. Near Eastern markets bought sterling also at similar rates, and European buyers paid as high as \$3.20 per £ for T.T. Pound notes on account of the strict import ban enforced in the U.K. are generally quoted 10 to 15% under the T.T. rate; and even this rate is relatively high as practically only currency smugglers (including travellers and holiday makers) patronise the £ note markets.

The local highest and lowest quotations for US\$ last week were:—notes HK\$ 554—544; drafts 562—546; T.T. 575—558. The local sterling cross rate moved between US\$ 2.85 to 2.88 i.e. about 2% higher than New York average rates.

Britain has solved what only appeared to be a crisis and she has re-gained the confidence of the world in the fundamental stability of her economy. With the support of the Dominions and all the countries of the Empire there cannot be any doubt that sterling is as sound as the US\$.

GOLD TRANSACTIONS

A very hectic session was witnessed last week with unusually large turnovers between 4,000 to 5,500 taels daily in the spot market. The amount of gold settled in the forward market is largely not transactional and only margins are cleared in many instances. There is furthermore a purely fictitious gold market supported by a number of native banks and gold dealers which has nothing to do with the local gold exchange; what happens in this paper gold private exchange has no bearing on the fluctuations of the spot market.

IV

Generalissimo Chiang Kai-shek and key members of the Kuomintang are going to take up General Wedemeyer's blunt criticisms of China's corrupt and inefficient Government in week-long session beginning September 19, according to word from Nanking. Qualified Chinese sources predict a partial shake-up of the Government and some personal screening by Chiang in an effort to weed out dishonest officials.

'Partial shakeup' and 'some screening' of a corrupt and inefficient Government are not going to cure the deadly malady that besets China. (St. Louis Post-Dispatch, Aug. 30.)

Many gold dealers and native bankers were last week preparing for further imports of gold from the U.S. and Mexico. As gold stocks slowly decrease here and in Macao new imports are required and there is every promise for early and regular arrivals of gold from America via Manila to Macao, transportation being effected on the Manila—Macao last leg of the journey by flying boats. There is still some gold stored in Manila which has been ordered some time ago which now will be brought to Macao for eventual re-export to China.

Exports from here to China have been slow on account of depressed prices in Shanghai and Canton. Shanghai quoted last week around CN\$ 2.7 to 2.8 million per ounce which came up to an equivalent of HK\$ 375/380 per tael. The fees payable for unrecorded gold imports into China are making the business not attractive if the difference between the local and the Shanghai price is only some 3 to 5%. "Unrecorded trading" in China is a rather expensive proposition.

The local market recorded a highest price for the week on Monday (15th) with \$362 while the lowest price was \$340½ (on 18th). The gold cross rates here fluctuated from US\$ 50 per troy ounce, the lowest price, to US\$ 53, the week's maximum price; at the close about US\$ 51½ per troy ounce (computed at the various unofficial T.T. New York rates). The Shanghai black market transacted gold at around US\$ 55 per oz.

Gold importers are able to buy in America against approx. US\$43 to 44 per oz. and c & f Macao should not be more than US\$ 48 per oz. In a weak market, gold imports may not look very appealing, however, the gold cross rate has only recently come down from some US\$ 57/58 and with the China gold market expected to experience brighter conditions the cross rate should advance and profits to be realised by gold importers may turn out much more satisfactory than it looked last week.

Inflation in China is progressing and the artificial open market rate as determined by the Central Bank of China in Shanghai cannot hold back the tide. It has been done quite well so far but foreign exchange and gold prices on the black markets are bound to improve considerably. The psychological impact on the public in every case of further and conspicuous devaluation of CN\$ usually results in increased demand for gold with subsequent price advances.

THE CHINESE DOLLAR

Throughout the week the open market rates for T.T. as announced by the Foreign Exchange Equalisation Fund Committee, Shanghai, remained unaltered:—US dollar: CN\$ 42,000 buying, 43,000 selling; Sterling: 123,500 buying, 126,000 selling; HK dollar: 7,700 buying, 7,900 selling. Cross rate about US\$ 2.95 for £.

The local market transacted CN\$ at a heavy discount compared to the open exchange rate of Shanghai. Shanghai remittances quoted about CN\$ 8,600 per HK dollar, i.e. about 10% difference. HK\$ in Shanghai's black market sold at similar prices while Canton paid up to CN\$ 8,800.

It appears that one of the periodic pushes has again set in and that the CN\$, which is so stubbornly overvalued by the Chinese Govt. for reasons which are obscure, is in for a drastic devaluation on the black market. The US\$ price on the black market in Shanghai topped CN\$ 48,000, i.e. over 10% higher than the open rate.

THE CHINESE OPEN MARKET RATE

For slightly over a month the Foreign Exchange Equalisation Fund Committee, which is in fact carrying out the decisions of Central Bank of China, was successful in maintaining a rather stable exchange rate for CN\$. From August 18, the introduction of the open exchange rate, to Sept. 20, the open rate, in terms of US\$, was advanced only by about 10%. That is to say the official devaluation of CN\$ during one month was only 10%. Before the current month is out some further appreciation of foreign exchange rates will be necessary.

So far the FEEFC has acted as a brake and restrained violent black market reactions to the inevitable, progressive and planned monetary inflation of CN\$. But it has not achieved its objectives in a satisfactory way; by trailing the black market rate the public obtained the impression that it will never get a fair value for foreign exchange at the Chinese Govt. appointed banks but that the black market, in spite of police and secret agents persecution, can be trusted to advance with the times and keep pace with the Chinese bank note presses. The gap between official open and outlawed black market rates will be either widening until the open market rate will become discredited or the open market rate will have to be established with a sense of more realism.

A high and increasing foreign exchange rate is beneficial to China's export trade, the increase of inward remittances, and it also will naturally reduce the import volume. The internal price level is bound to increase anyway, not so much under the influence of higher US\$ rates but in accordance with the great demands made by the military on goods, production and services of the people, especially the army's quasi-confiscatory methods in collecting rice and foodstuffs, commandeering communications and public and private services. The domestic price level is wedded to the cost of rice and if rice and other primary Chinese foodstuffs can be kept at a stable price, the higher or lower foreign exchange rates will hardly exert any influence on the cost of living of the masses.

As it has turned out, however, during so many years past the black market rate for gold and foreign currencies is a barometer of the economic deterioration of China's economy. But this barometer has never really indicated the depth of deterioration as clearly as the various price indices compiled by Chinese authorities in many parts of the country. Between cost of living in China of today and the current black market prices for gold and exchange there is still a wide gulf which requires adjustment.

The latest available index compiled by the Shanghai Municipal Govt. (Bureau of Statistics) for workers' cost of living for Aug. 1947 was 3,100,000 (with 1937 as 100), i.e. cost of living has increased by 31,000 times. Deciding factors of the August indices for workers are food, 32,800 times the pre-war cost, housing 21,100; clothing, 56,700; miscellaneous, 34,900 and those for salaried employees are food, 35,500; housing, 70,800; clothing, 57,200, and miscellaneous, 30,800.

Indicative of the rise in prices of essential foodstuffs is the current Shanghai cost of one picul of rice which in 1937 was CN\$ 10 and last week reached CN\$ 600,000 and over.

The Chinese dollar quoted before the war as follows: 1936 average US\$ 0.297095; 1937 average US\$ 0.2925.

While cost of food, housing, clothing and miscellaneous articles have increased from 1937 to Aug. 1947 from about 30,000 to 70,000 times, and while rice has increased about 60,000 times, the value of the US\$ on the black market of Shanghai has only appreciated by 14,000 times (on the so-called open exchange market the US\$ rate is about 10% lower).

During the years of war and particularly during the current year, the purchasing power of the US\$ in the U.S. and abroad has declined; the exact percentage of the depreciation of the dollar's domestic and foreign purchasing power is difficult to assess but is generally estimated to be around 60 to 70% reduced compared to pre-war.

Adjusting therefore the pre-war exchange rate of US\$ to the current depreciated level, it is obvious that the black market rate of US\$ in Shanghai is much too low compared to general commodity and foodstuff prices as well as costs of services. It follows that, in terms of rice, the current black market rate of US\$ should be around CN\$ 120,000, and in terms of prices of other foodstuffs, housing, clothing and miscellaneous items the current US\$ rate ought to be around CN\$ 30,000 (against last week's black market rate of CN\$ 46,000 to 48,000).

As inflation is sped up and the general price level necessarily keeps pace, although always delayed, cost of living is continuously advancing; so is of course the rate for US\$ and other foreign currencies as well as gold. However, the black market quotations, which lead the open market rate of the Chinese Govt., have still to make up for an additional difference, irrespective of continued inflation, which is relative to the present high cost of food, materials, etc.

SHANGHAI OPEN EXCHANGE RATE AND HONGKONG

When the Chinese Govt. decided to legalise de facto the black market exchange rates as prevailed in Shanghai in mid-August and commenced to quote through the Foreign Exchange Equalisation Fund Committee daily open market rates as from Aug. 18, the local commercial and financial markets were somewhat disturbed and anxiously followed the day-to-day progress of business in Shanghai. To some not inconsiderable extent the prosperity of a large number of local merchants is connected with the more or less severe application of trade and exchange controls in China.

The initial handling of the open market rate in Shanghai led one to believe that

exports of China produce would now be channelled to an increasing degree through Shanghai and overseas Chinese family remittances may slowly be diverted from local banks to Chinese Govt. banks. These two immediate consequences of the institution of an open market rate in China might adversely affect the business of a large number of local traders and some bankers as well.

Hongkong Govt. was studying the question of decontrolling tung oil in order to comply with the wishes of local traders who requested that for the purpose of keeping the previous volume of business all proceeds from tung oil export bills should once again be allowed to exporters. Hongkong otherwise, so it was argued by important Chinese interests here, would stand to lose business on account

HONGKONG OFFICIAL EXCHANGE RATES AGREED MERCHANT RATES

MAXIMUM SELLING			MINIMUM BUYING		
STERLING.	1/2 15/16	delivery within 2 months with a cut of 1/32 for every further 3 months forward.	1/3 1/32	T.T.	
			1/3 1/16	O/D.	
			1/3 3/32	30d/s.	
			1/3 1/8	60-90d/s.	
			1/3 5/32	120d/s.	
—Dc— (East & South Africa)			1/3 1/8	O/D if under L/Credit.	
			1/3 3/16	O/D with L/Credit.	
				1/32nd up every 30d/s.	
—Do— (West Africa & West Indies)			1/3 5/16	O/D if under L/Credit.	
			1/3 3/8	O/D with L/Credit.	
				1/32nd up every 30d/s.	
RUPEES (India)	82 %		83 %	T.T.	
			84 %	O/D.	
			84 1/8 %	7 & 30d/s.	
			84 1/4 %	60d/s.	
			84 1/2 %	80d/s.	
—Do— (Rangoon)	82 %		All buying rates 1/16th higher than India.		
—Do— (Aden)	82 %		84 1/8 %	O/D if under L/Credit.	
			84 1/4 %	O/D without L/Credit.	
			84 3/8 %	30 & 60 d/s.	
STRAITS \$	53		53 %	T.T. & O/D.	
			34 3/4 %	30 & 60d/s.	
			25 1/4 %	T.T.	
U.S.\$ CANADA	24 15/16	delivery within 2 months with a cut of 1/16 for every further 3 months forward.	25 5/16	O/D—30d/s.	
			25 3/8	60—90d/s.	
U.S.\$ NOTES.			25 %	(Banks to pay Insurance and Postage).	
AUSTRALIA.	1/6 1/2		1/6 %	T.T.	
			1/6 15/16	O/D.	
NEW ZEALAND.	1/6 7/16		1/6 13/16	T.T.	
			1/6 7/8	O/D.	

HONGKONG UNOFFICIAL EXCHANGE RATES (IN HK\$)

CN\$ (per one million)															
Sept.	Gold per Tael		Spot		Forward		S'hai T.T.	Canton T.T.	Notes	US\$ Draft	(per 100)				
	High	Low	High	Low	High	Low					T.T.	I.C.\$	Guilder	Baht	Pound Note
15	362	354	129½	129½	129½	126	119	126	554	560	574	12½	32½	23½	14
16	360½	345½	129½	127	129	120	122	127½	549	561	558	12½	32½	23½	13.2
17	351½	341½	129½	128	128	126	125	128½	545	548	558	12½	33	23½	13.3
18	346	340½	127¾	127¾	126	122	119	127	546	546	568	13¼	32½	23½	13.4
19	353	345	127½	126½	124½	122½	118	125	545	548	560	13¼	32½	23½	13.2
20	358	350	127½	126	123½	122½	116	122	545	552	560	12¾	32½	23	13.2

of the open market exchange rate of Shanghai which—as many merchants were incorrectly anticipating—offered slightly more favourable conditions to exporters of tung oil.

Meanwhile the hopes of exporters in Shanghai have not been fulfilled. The proceeds of Chinese export bills were paid out in CN\$ only and at the open market rate which has been consistently kept lower than the black market quotation (about 5 to 15%; last week about 10% lower). The tendency for black market quotations' improvement is very clear and the gap between the two exchange rates in Shanghai is widening.

It is of course obvious that the open market rate will be from time to time revised and will reluctantly follow the realistic black market price. However, the FEEFC seems to harbour the intention to prolong the period of upward revision for as long as possible in order to reduce payments for export bills.

Similar conditions apply to overseas Chinese remittances which are in fact China's most important invisible export. The moral effect on prospective Chinese remitters in the U.S. and elsewhere of the unrealistic open market rate in Shanghai has to be considered; many, many times in the past overseas Chinese and their dependents, friends etc. in China have suffered when remittances were made through Chinese Govt. or Provincial banks who paid out at the official rate which invariably was very much lower than the unofficial or black market rate. To regain the confidence of such overseas Chinese remitters will not be easy and unless the present policy of the FEEFC is changed very little improvement as regards the accumulation of foreign exchange funds by Nanking can be seen.

Money and business go where the most favourable conditions are offered. Shanghai has only made an initial effort to attract more business but the effort has not been sustained. The policy of the FEEFC, as being revealed by its stubborn adherence to an open market rate while the black market draws away, defeats the raison d'être of the institution of an open market exchange rate.

Under these conditions it may be unnecessary, on the part of interested financial and commercial circles here, to contemplate a new approach to the situation as arising after Aug. 18, and the question of decontrolling of tung oil may temporarily be shelved.

CHARTERED BANK OF INDIA, AUSTRALIA & CHINA.

The Chartered Bank has opened its branch office in Tokyo this Monday (Sept. 22) and has made preparations to re-open two more branch offices in Japan in the cities of Kobe and Yokohama.

Furthermore the Chartered Bank has recently re-opened its branch office in Tongkah (Bhuket).

BANK FAILURES

The Shing Fung Native Bank was compelled to close last week since it was un-

able to meet its obligations arising from CN\$ remittances. Some CN\$ 6 billion have not been settled by the native bank. Creditors are several local native banks and firms and merchants in the Chiuchow district. The native bank's failure is due to speculative losses mainly in gold transactions.

There exist a number of native banks in Hongkong who offer unsuspecting clients, mostly country people, high rates of interest and then proceed to engage in risky speculations which, as in the case of the recently closed Tsien Ho Bank, may lead to partial or complete loss of invested capital, that is the savings of the ill-advised public. Every offer by a native banker or exchange shop to pay more than 6% p.a. deserves close scrutiny seeing that the commercial banks here, provided that they accept savings deposits against payment of interest at all, only allow 1% p.a. for 6 months fixed deposits, and 2% p.a. for 12 months fixed deposits.

The number of native banks and particularly banking firms, some of which are multiplying in backalleys and in residential flats, is legion and there seems to be no law which compels many of the self-styled bankers to register their firms and submit their accounts to the Supreme Court. Clients of such banking firms are consequently not protected and, as in the cases of the Shing Fung and Tsien Ho Banks, proceed at their own risk. The good name of leading native banks in Hongkong is of course liable to suffer somewhat from such incidents. Many overseas Chinese have also been victimised by a number of irresponsible native bankers and exchange firms. Remittances in foreign exchange have been not paid out to the recipients on time while the money was used for financing of short-term speculations at the expense and risk of clients.

CHINESE & FOREIGN BANKS' PROPERTIES & DEPOSITS IN CHINA

Properties of all the Chinese and foreign banks, native banks, and trusts in Shanghai totalled CN\$2,555 billion in July, while their deposits in July totalled CN\$1,024 billion and loans amounted to CN\$1,050 billion.

Of the total amount of properties, 68 percent belonged to private, Chinese banks, which had a total of 1,741 billion worth of properties, 17 percent to private foreign banks, which had a total of 432 billion, 13 percent to native banks, which had a total of 323 billion and 2 percent to trusts, which had a total of CN\$52 billion.

Of the total amount of deposits, private foreign banks got 124 billion, 12 percent; while Chinese banks possessed 698 billion or 68 percent; native banks had 167 billion or 17 percent, and the trusts had 33 billion, or 3 percent.

Of the total of amount of loans, 686 billion or 66 percent were from Chinese banks; 160 billion, or 15 percent from private foreign banks, 181 billion or 17 percent from native banks and 22 billion or 2 percent, from the trusts.

About half of deposits are in Shanghai. In spite of inflation deposits have been decreasing in July compared with June. In real value deposits have all along been dropping. Most deposits are in the form of current accounts, about 90%, while the rest are fixed deposits (on the basis of one to three months in the majority of fixed deposits). (About US\$21,000 equal one billion Chinese dollars on the black market of Shanghai.)

HONGKONG STOCK & SHARE MARKET

Fresh labour unrest amongst Utility workers brought about an air of caution and hesitancy during the week, Sept. 15 to 19. The attitude of the Tramway workers in particular created the impression that a walk out would occur at the week end. The slowing up of trading on this account with the resultant contraction in volume was, therefore, not entirely unexpected.

Mr Felix M. Ellis' price index for the period showed a somewhat mixed, indecisive trend. Declines where they occurred were slight, but would have been larger had there not been a last minute rally, obviously reflecting the decision of the Tramway employees not to resort to a strike. The week's day by day averages are as follows: Sept. 15, 153.15; Sept. 16, 153.56; Sept. 17, 153.30; Sept. 18, 152.75; and Sept. 19, closing at 152.79 with a net loss for the period of .49.

The feature of the week was the outstanding performance of Dairy Farm and Watsons, both of which moved upward to new all-time highs, 95½ and 74 respectively. At most times buyers were not unwilling to stretch their bids to the asked prices

indicative of the paucity of offerings. In this respect it would be well to note the total issued capital of these companies: Dairy Farms, \$2,200,012 divided into 293,335 shares; Watsons, \$1,500,000 divided into 150,000 shares. These figures explain the shortage of offerings as compared with the Utility companies which run into millions of shares. Without doubt these two stocks have proven to be "Star" performers, and it is believed they will continue in similar vein in the next few months.

Utilities underwent a week of neglect because the threatened strike which, fortunately, was averted, could quite easily have involved all of them. Now that the atmosphere is clearer, though not completely cleared, a steadier tone with a larger daily volume is anticipated.

Judging the market as a whole selectivity appears to have become more pronounced at the present level of prices, and as the distance towards dividend declarations shortens. This is interesting and affords a good guide as to the direction the wind is blowing.

HONGKONG INDUSTRIAL REPORTS

With 34 new registrations issued in August, the number of factories and workshops registered in Hongkong as at August 31 totalled 788—215 situated on the island and 573 on the mainland. Of the 34 new establishments, six are located in Hongkong and 28 in Kowloon.

A new type of light industry was introduced here in August by a felt hat manufacturer from Shanghai who found that Chinese restrictions made it impossible for him to continue importing foreign rabbit skins into Shanghai. This fur processing company quickly seized the facilities offered by the Colony and established its factory in Kowloon. It employs only 24 workers, all of whom came down from Shanghai, and has installed three simple machines for the processing work. With rabbit skins brought here from Australia, the factory assembles rabbit furs through the three processing machines. The processed fur is exported from here to Shang-

hai for making felt hats there since Chinese trade restrictions do not forbid the importation of rabbit fur. In normal times the factory when in Shanghai sold rabbit skins after processing to farmers as fertilizers. Since in Hongkong there is no such demand the factory utilises the processed skins as a fuel.

Throughout August unrest in Indonesia caused considerable anxiety in the local rubber and textile industries. Large rubber factories could work only three to four days weekly while smaller ones were generally out of business though a number of them received orders totalling 50,000 pairs from New Zealand.

The textile industry showed as yet little improvement and many mills still remained closed or operated on restricted basis.

Bakelite ware workshops were doing quite well in August. Torch battery

factories operated at a fraction of capacity due to keen competition offered by surplus American military batteries.

HONGKONG'S RUBBER INDUSTRY

The local rubber shoes manufacturing industry which enjoyed prosperity immediately after liberation is now facing multiple difficulties with no apparent hope of recovery for some time to come. At its peak period in 1946 more than 100 big and small factories, especially the latter, were operating at full speed due to the unceasing demand for rubber wares in China. The number of rubber goods factories in prewar days was only 18.

In July 1946, the combined production of rubber shoes was 352,800 pairs, while two months later the total output by all rubber factories here increased to 600,000 pairs. At that time all these factories consumed some 100 tons of raw rubber every month.

Since the beginning of 1947, when the Chinese Government virtually embargoed the importation of rubber shoes into China local factories have been experiencing black days. Most small factories which started operation after the war were then forced to close down while many others changed the production of rubber shoes over to bicycle tyres and toy articles.

At present there are 44 rubber factories, including the big five, functioning in the Colony; many of the smaller factories are non-operative. The five big factories Fung Keung, the Continental, the Canton Brothers, the Hongkong and the Wah Keung. These well equipped factories formed their own committee to look after their interests while the smaller ones have organised themselves under the style of Hongkong Rubber Industrial and Commercial Association.

As the situation is, rubber factories are not pursuing the same policy and often there are disputes and disagreements and cut throat competition.

According to Mr. Irwin Yee, Chairman of the HKRI & CA, the majority of the 39 small rubber factories would require loans for running expenses, and regular raw material allocations from the S.T. & I. Department. Between December 1945 and October 1946, S.T. & I. was very helpful and co-operative in allocating raw rubber, canvas, lining to all small factories. Notwithstanding the Association's request, S.T. & I. since then would not make further allocations to the factories. Raw materials for canvas rubber shoes were sold to local traders however, and rubber factories have to purchase such materials from the trade. S.T. & I. continues regularly to allocate coal and petrol to rubber factories.

The allocations received by the Association for distribution among its member factories between December 1945 and October 1946, were 140 tons of raw rubber, 4,262 pieces of canvas, 5,876 pieces of lining and 111 pieces

HONGKONG STOCK EXCHANGE QUOTATIONS

	Sept. 16	Sept. 19	Sept. 22
H.K. & S. Bank	2000	2000	1975
Bank of East Asia	110	110	115
Canton Ins.	415	415	415
Union Ins.	800	800	790
China Underwriters	9	8½	9¾
H.K. Fire Ins.	285	285	283
Douglases	260	260	260
H.K. & M. Steamboats	13	14	14½
Indo China (Pref.)	101	101	101
Indo China (Def.)	379	379	379
Union Waterboats	43½	43	43
H.K. & K. Wharves	230	240	235
H.K. Docks	44	40½	43½
China Providents	25½	25½	25½
H. & S. Hotels	25	24½	25
H.K. Lands	84½	82	84
Humphreys Estates	33	32½	32½
H.K. Realities	17	17	17
Chinese Estates	190	190	190
H.K. Tramways	26½	25½	27
Peak Trams (Old)	11	11	11
Peak Trams (New)	4½	4½	4½
Star Ferries	140	142	135
Yaumati Ferries	29	29	29
C. Lights (Old)	21	20½	21½
C. Lights (New)	15½	15½	15½
H.K. Electrics	78	74	61½
Macao Electrics	24½	24½	24½
Sandakan Lights	12	12	12
Telephones (Old)	47½	46½	46½
Telephones (New)	38	37	39
Canton Ices	71	71	7
Cements	37	37½	38
H.K. Ropes	22	20½	21
Dairy Farms	95	95	95½
Watsons	71½	73	77½
Lane, Crawfords	54	54	53½
Wm. Powell, Ltd.	9½	9½	9½
H.K. Constructions (Old)	6½	6½	6
H.K. Constructions (New)	5	5	5

HONGKONG'S TRADE IN AUGUST

(By A Trade Analyst).

Hongkong's trade showed a sharp drop in August compared with July. Imports fell from \$142,562,952 in July to \$119,794,349 in the month under review. During the same period exports fell from \$102,840,593 to \$72,377,540.

The major falls in imports were in foodstuffs and textiles (\$6 million each), oils and fats (\$5 million), fuels and sundries (\$4 million), Chinese medicines and metals (\$3 million), chemicals and foodstuffs (\$1 million). There were, however, increased tobacco imports of \$2½ million.

On the export side the largest falls were recorded in foodstuffs and textiles (\$6 million each), sundries (\$5 million), Chinese medicines (\$4 million), metals (\$3 million), chemicals (\$2 million), dyeing materials and paper (\$1 million each). There were slight increases in manures, mineral ores, oils and fats.

The British Empire sent \$17 million fewer imports and Hong Kong sent almost \$18 million fewer exports to the Empire. It is too early to

of binding—all were 40 yds by 24 ins. per piece. The allocated price for raw rubber was \$130 per picul, for canvas \$1.29 per yard, for lining \$1.27 per yard, for binding \$1.25 per yard, for coal \$150 per ton and for petrol \$2 per gallon.

Mr. Yee alleged that the Labour Office was inconsiderate in giving notice to twenty rubber factories situated in domestic buildings within the factory area to remove to factory buildings. Should the Labour Office insist on their removal at the end of their temporary registration period many of these factories may close down.

The Labour Office in this connection states that temporary registration in domestic buildings was granted by the Hongkong Government under the then existing military administration, whose Labour Section was not fully aware of the prewar policy of the Labour Office. Since that had been the case the Labour Office extended their temporary registration for another six months and meanwhile advised them to look for and move into suitable factory buildings. As rubber shoes manufacturing involves the use of petrol and heating (mostly charcoal fire), it has been the policy of the Labour Office to prohibit their operation in tenement houses with a view to protecting the safety of the general public. As long as rubber factories take proper precautionary measures as advised by the Labour Office while working in domestic buildings, they may have a better chance to remain in these premises for some time.

indicate the reason for this striking reduction—it may have been due to fewer shipping arrivals and departures or, on the other hand, the month of August is usually the slack month of the year. Another possible reason is "Consumer resistance" against the higher prices prevailing in the world.

Trade with Great Britain fell by \$5 million as fewer textiles (\$2½ million) and metals (\$1½ million) were sent to Hong Kong. There was, however, a significant increase in imports of tobacco of \$2 million.

Exports to the United Kingdom were up by \$1 million, almost exclusively oils and fats.

Imports from Australia fell by \$3½ million of which foodstuffs accounted for (\$2 million) and textiles (\$½ million). Meat imports from Australia were not up to average.

An increase of \$2 million in Burma imports was due to larger shipments of rice.

Imports from Canada fell by \$1½ million, including a fall of \$½ million in oils and fats, while no imports of paper came from Canada in the month of August.

A drop of \$1 million in exports to Ceylon is accounted for by fewer exports of foodstuffs.

A large drop in imports from India of \$6 million is almost wholly accounted for by fewer textiles, but a drop of \$4 million in exports to India was due to fewer Chinese medicines, metals and sundries being sent to that country. A recovery of trade with India will no doubt depend on the ability of the two new Commonwealths to establish political security in their territories.

The largest drop in exports, \$1½ million, was recorded in goods sent to Malaya, which received \$5½ million less textiles and \$2 million less foodstuffs.

Trade with China continues in the doldrums although imports from North China rose by \$1 million, mainly Chinese medicines and textiles, but exports to the same area were down \$½ million, mainly Chinese medicines.

Imports from Middle China fell by \$2 million in foodstuffs, and exports were down by no less than \$3 million. Chemicals and manures (\$1 million each), oils and fats (\$½ million each).

The same story was repeated in South China as imports fell by \$5 million, foodstuffs and oils and fats (\$2 million each), textiles (\$1 million), while exports to South China were less by \$6 million, mainly chemicals, dyes, metals and paper.

Elsewhere in the Far East there were few significant changes. Imports from French Indo-China increased by \$1 million, (foodstuffs and fuels), but exports to that country decreased by \$1½ million, mainly foodstuffs.

Trade with the Netherlands East Indies was slightly lower and probably due to the hostilities prevailing in that country during the month.

Exports to the Philippines dropped by \$3 million, chiefly foodstuffs (\$1½ million) and metals (\$½ million), while exports to Siam also dropped \$3 million, textiles (\$1 million), foodstuffs and sundries (\$½ million each). Siam, however, sent an additional \$2 million of foodstuffs to Hongkong.

The outstanding feature of the Hong Kong Trade Returns for August are the figures for Japan and Korea. With imports from Japan at \$7 million the ex-enemy country moved to fourth on the list of Hong Kong's suppliers. \$6 million of Japan's imports were textiles and, almost \$1 million coal. With trade now opening up in Japan we can expect a rapid increase of imports from that country.

Korea, which appears for the first time, shows imports of over \$3½ million, but composed of three items, Chinese medicines (\$3 million), metals (\$100,000) and mineral ores (\$246,000). Exports to Korea, nearly \$3 million, consisted of a variety of items, the chief of which were textiles, paper, dyes and chemicals.

Trade with Europe was lower than the previous month, but imports from Norway were up by some \$2 million, mainly paper. It may be that paper supplies are moving from Canada to Scandinavia.

Imports from U.S.A. fell away by \$6 million, of which fuels accounted for \$3 million and dyes \$2 million. Exports to U.S.A. however, increased by \$4 million of which oils and fats accounted for \$1 million, metals and mineral ores \$½ million each.

With the Chinese Foreign Exchange on a more realistic basis it is possible that more of China's exports will be directed through Shanghai, but Hong Kong has still many advantages to offer both to importers and exporters owing to the speed with which cargo is handled in this Colony and the smaller incidence of pilferage as compared with elsewhere.

MINERALS & ORES

WOLFRAM ORE

August imports: 3,595 piculs valued \$1,353,685. Exports: 2,998 piculs valued \$1,143,175.

Imports came from China 2,844 piculs for \$763,485; 2,124 piculs from Macao for \$763,485; and 627 piculs from South Korea valued \$246,200. Average import price \$242 per picul. Imports from Macao originated in S. Korea from where wolfram ore has been exported in fair-sized quantities to Macao on a private barter basis during recent

months. During August the first direct wolfram ore import from S. Korea, on a govt-to-govt basis of trade, was brought into Hongkong. Most Chinese ore imports were effected by National Resources Commission (NRC), the Chinese mineral monopoly organisation. NRC has not been shipping wolfram ore to Hongkong for some 8 weeks. Smuggled wolfram ore arrives here by junk and truck but in relatively small quantities. Korean wolfram shipped by the American Military Govt in Korea has not been sold yet; it will probably be bartered under Govt supervision against goods required in Korea.

Exports were shipped to: U.K. 756 piculs, \$299,880; to France 420 piculs, \$158,515; and to U.S. 1,822 piculs, \$684,780. Average prices per picul: \$396 for U.K., \$354 for France, \$375 for U.S. buyers.

ANTIMONY ORE

Exports continued at a complete standstill in August, though imports registered an increase of nearly 60 percent, as 159 piculs valued at \$30,380 were imported from Macao in the current month against July's 109 piculs at \$24,000.

ANTIMONY CRUDE & REGULUS

There were no imports from China in August; 56 piculs valued at \$7,280 came from Siam. This was part of the stock left in Siam by the Japanese during the war. Exports came to a complete standstill.

TIN SLABS & INGOTS (CHINA)

Imports of Chinese tin slabs and ingots rose from 2,163 in July to 3,824 piculs valued \$1,175,247 in August. Exports fell from 2,754 in July to 1,610 valued \$864,226. 3,782 piculs came from China and 42 from Macao. Exports went to the United States. The average price for imports was \$307 per picul and for exports \$412.

TIN SLABS & INGOTS (OTHER THAN CHINA)

Imports in August fell to nil from 504 piculs in July, but exports came to 252 piculs at \$100,077, all to the United States, in August against nothing in July.

TIN PLATES

Drooping by three times as against July imports in August amounted to 5,618 piculs valued at \$287,406; viz.—2,485 piculs at \$165,279 from the United Kingdom, 270 at \$22,000 from Malaya and 2,863 at \$100,127 from U.S.A. Average import price was \$50 per picul.

Exports in August fell to 1,357 piculs at \$128,700 from July's 2,754 piculs. Of these, 1,012 piculs at \$97,100 went to China and 345 at \$29,600 to Macao; the average export price was \$93 per picul.

HONGKONG'S VEGETABLE OIL TRADE IN AUGUST

	IMPORTS		EXPORTS	
	Piculs	Value	Piculs	Value
Aniseed oil	115	\$ 29,520	1,023	\$ 262,314
Cassia oil	121	55,196	1	472
Cocoonut oil	19,390	2,556,607	13,964	1,719,826
Teased oil	18,276	3,238,713	9,703	1,886,411
Wood oil (in drums & bulk)	21,121	2,724,820	43,855	5,176,584
Peanut oil	775	125,140	1,910	331,024
Sesamum oil	3	600	17	3,750
Soya bean oil	—	—	55	3,120
Linseed oil	680	128,283	6	1,050
Total	60,481	\$8,858,879	70,534	\$9,384,551

TUNG (WOOD) OIL

Imports of wood oil in August into Hong Kong fell from 34,717 piculs in July to 21,121 piculs i.e. by 39 percent. This was attributed chiefly to the revised Chinese foreign exchange regulations of August 18, when the Central Bank of China legalised open market foreign currency transactions in China which enabled exporters in China to obtain better prices for their exports.

Throughout the second half of August local vegetable oil traders have been hesitating to bring wood oil from South China into the Colony anticipating stiffer Chinese competition and calculating a difference of \$12 per picul to their disadvantage resulting from the stipulation of the HK Govt Export Control Order requiring exporters to surrender 25 percent of export bills in respect of oil shipments to U.S.

Exports of wood oil in August remained steady when compared with the previous month; a total of 43,855 piculs, or 2.5 per cent more than that exported in July, were taken out of Hongkong to various countries. A large portion of our August exports was drawn from local stocks.

The addition of Macao to the list of countries exports to whom are liable to come under Export Control Order stipulation (i.e. 25 per cent of export bills have to be surrendered at official exchange rate to H.K. Exchange Control) had the desired effect in August. Whereas in July some 8,500 piculs of tung oil were shipped from here to Macao for eventual re-export to the U.S. by China Vegetable Oil Corp. there were only 26 piculs exported from here to Macao in August.

The local price (native market dealers) for full strength tung oil in August was on the average \$140; the August average price for imported oil was \$129 and exports as declared at the Imports & Exports Dept. averaged a price of \$118 per picul.

Imports and exports of tung oil in August 1947:—

	Imports	
	Piculs	Value
China	21,031	\$2,715,204
Macao	15	2,116
Siam	75	7,500
Total	21,121	\$2,724,820

	Exports	
	Piculs	Value
Macao	26	\$3,600
Siam	6	600
Australia	2,082	279,904
Malaya	86	13,250
S. Africa	907	113,735
Belgium	960	108,000
C. America	84	10,710
Holland	5,006	747,281
Italy	3,675	404,316
Norway	3,226	455,028
N.E.I.	9	1,455
Sweden	1,394	160,184
U.S.A.	22,638	2,470,890
Finland	3,360	362,200
Syria	396	45,440
Total	43,855	\$5,176,584

ANISEED OIL

Registering a drop of 63 percent, imports of aniseed oil fell from 442 piculs in July to 115 piculs valued at \$29,520 in August. Exports however, increased by almost three times from July's 242 piculs to 1,023 piculs in August.

	Exports	
	Piculs	Value
United Kingdom	830	\$211,177
Australia	22	6,174
Belgium	12	3,699
Egypt	3	1,050
France	3	1,500
Holland	26	7,371
U.S.A.	127	31,343
Total	1,023	\$262,314

CASSIA OIL

Imports dropped by 44 percent from 212 piculs in July to 121 valued at \$55,196 in August; 102 piculs valued \$35,653 came from China and 19 piculs valued \$19,543 from Macao.

Exports fell from 16 piculs in July to 1 picul valued \$472 which was shipped to Australia.

COCOANUT OIL

Compared with July imports decreased 7,373 piculs or 27 percent and exports decreased 22,022 piculs or 61 percent.

	Imports	
	Piculs	Value
Malaya	1,323	\$165,487
N. Borneo	1,138	140,807
N.E.I.	300	39,000
Siam	16,629	2,211,313
Total	19,390	\$2,556,607

HONGKONG'S TRADE WITH KOREA

All trade between Hongkong and Korea is at present carried out on a barter basis between private commercial companies here and in Korea. Official (govt.-to govt.) trading has come to an end almost immediately after it started. Pending the es-

tablishment of an exchange rate of the Korean yen in terms of sterling and U.S. dollar, the very cumbersome bartering of imports against exports will have to be continued.

Meanwhile there have been made preparations on the part of the U.S. Army Military Govt. in Korea (Usamgik) to channel South Korean trade through an exchange bank (Korean Foreign Exchange Bank) which is of course an ad hoc organization and will most probably, after the eventual fixing of an official exchange rate for the (South) Korean yen, be developed into the future exchange control of southern Korea. Usamgik's exchange bank, headed by an American banker, has so far only opened accounts with two American banks, who have branches here, but no transactions can yet be put through.

It is necessary that the position be clarified as regards payments for Hongkong's exports to American-controlled Korea and the form of Hongkong's payments for S. Korean produce. American military authorities both in Japan and Korea have been adopting in the past a financial policy which made the US\$ the basis for all transactions, a practice which ought now to be amended. It will prove of mutual advantage if S. Korean trade payments will be established on a sterling basis as well.

Commercial relations with S. Korea can be expanded provided that Korean exporters will be allowed by Usamgik to accept sterling and to spend their sterling export bills in Hongkong and elsewhere in the sterling area. It will also prove of mutual advantage if British banks in Hongkong as well as in the sterling area, apart from the apparently privileged American banks, will open accounts with the Korean foreign exchange bank in Seoul.

As will be found elsewhere in this issue the first and probably last Usamgik import of Korean goods (ginseng, wolfram ore) have been recorded here in August while exports to Korea comprised a variety of goods shipped on private barter basis. Earlier trade with Korea has not been recorded here under that country's name since both imports and exports as regards ultimate destination or country of origin were falsely declared by merchants when doing business with S. Korea; Hongkong exports to Korea were declared for Macao and Korean imports, arriving here via Macao, were also credited to the Portuguese Colony. Since the resumption of private barter trade between the British Commonwealth and Empire countries and the ex-enemy states of Japan and Korea has now been possible for almost two months the former practice of falsely declaring origin and ultimate destination of goods in the Korean trade has been abandoned. In order to arrive at a correct figure of Hongkong's trade with Korea in 1947, considerable amounts of trade conducted with Macao during the last 5 months will have to be credited to Korea; and in addition some allowances would have to be made for Korean produce smuggled from Macao into Hongkong (especially wolfram ore).

		Exports	
		Piculs	Value
Other Brit. Empire	775	\$	107,520
Belgium	2,123		249,068
China	2,032		222,911
Egypt	1,548		199,710
Holland	2,508		262,009
Italy	3,741		507,300
Japan	1,008		142,447
Macao	76		9,250
Syria	153		19,620
Total	13,964		\$1,719,826

TEASEED OIL

Imports: in August: 18,276 piculs valued \$3,238,713 from China.

Exports: 8,900 piculs valued \$1,751,203 to United Kingdom, 184 at \$36,900 to France and 619 at \$98,308 to Holland, totalling 9,703 piculs at \$1,886,411.

Compared with July imports dropped by 32 percent or 8,896 piculs and exports by 22 percent or 2,690 piculs.

PEANUT OIL

		Imports	
		Piculs	Value
China	51		\$7,500
Macao	132		20,330
Siam	592		97,310
Total	775		\$125,140

		Exports	
		Piculs	Value
United Kingdom	3		\$510
Malaya	200		40,000
Holland	1,680		285,600
U.S.A.	27		4,914
Total	1,910		\$31,024

SESAMUM OIL

Imports: from China 3 piculs at \$600.

Exports: 2 piculs at \$561 to Canada, 1 at \$152 to Malaya, 2 at \$219 to N.E.I., 8 at \$1,681 to the Philippines and 4 at \$1,137 to U.S.A., making a total of 17 piculs at \$3,750.

SOYA BEAN OIL

There were no imports; exports amounted to 55 piculs at \$3,120, all to Portugal.

LINSEED OIL

Imports: 675 piculs at \$126,476 from India and 5 at \$1,807 from U.S.A., totalling 680 piculs at \$128,283.

Exports: 6 piculs at \$1,050 to Macao.

HONGKONG'S TRADE FOR AUGUST AND FOR THE FIRST EIGHT MONTHS OF 1947

BRISTLE TRADE

Hongkong's bristle trade reached a record high in August, when imports rose from 498 piculs in July to 532 piculs valued at \$388,508 and exports from 291 to 595 piculs valued \$702,921. August's imports were the highest for the past eight months, while exports in the same month were the second largest in the eight-month period, the record figure being 869 piculs in June.

Our entire imports came from China costing on the average \$661 per picul. Of our total exports, 140 piculs valued \$141,740 went to U.K., 45 at \$46,933 to France, 4 at \$400 to Siam and 406 piculs at \$513,848 to U.S.A. The average export declared value was \$1.181 per picul.

MOTOR VEHICLES

Following are Hongkong's imports and exports of motor cars, motor car chassis, motor lorries, lorry chassis and motor cycles during the month of August:

	Imports	
Motor cars	198	\$1,197,237
Motor car chassis	25	156,500
Motor lorries	7	76,286
Motor cycles	6	11,642
Total	230	\$1,441,715

	Exports	
Motor cars	49	\$386,565
Motor car chassis	1	400
Motor lorries	15	135,190
Lorry chassis	45	259,068
Motor cycles	9	11,775
Total	119	\$792,998

Motor Cars: Imports were 110 from U.K., 75 from U.S.A. and 7 from Canada and exports were 15 to Siam, 11 to Indo-China, 11 to Norway, 6 to China, 2 each to Malaya, Japan and Korea.

Motor Car Chassis: Imports came entirely from U.K. and exports went to China.

Motor Lorries: Imports were 4 from U.K. and 3 from U.S.A. and exports were 12 to China and 1 each to Malaya, Japan and Norway.

Lorry Chassis: There were no imports but exports were 32 to China, 5 to Korea and 4 each to Malaya and Siam.

Motor Cycles: Imports were 6 from U.K. and exports were 5 to Korea, 3 to China and 1 to Malaya.

TRADE IN RUBBER

Local raw rubber dealers' business was greatly improved in August as a consequence of legislation which permitted private trading with Korea under the Trading with the Enemy (Authorisation) (Japan) Order 1947, announced on August 8.

In August our imports totalled 43,756 piculs valued \$3,348,853, or three times the quantity imported in July, while our exports rose by about 10 percent to 12,140 piculs at \$1,048,143 in August.

Imports of merchandise into the Colony of Hongkong during the month of August, 1947 amounted to a declared value of \$119,794,349 as compared with \$80,338,189 in the month of August, 1946. The figures include Government sponsored cargoes.

Exports of merchandise totalled a declared value of \$72,377,540 as compared with \$85,633,962.

Imports during the first eight months of 1947 amounted to a declared value of \$921,460,400 as compared with \$520,853,200 in the first eight months of 1946.

Exports totalled \$734,609,535 as compared with \$418,611,255.

TOTAL VALUES OF IMPORTS & EXPORTS BY MAIN GROUPS. FOR THE FIRST EIGHT MONTHS

Articles	IMPORTS		EXPORTS	
	1946 \$	1947 \$	1946 \$	1947 \$
Animals, Live	19,364,852	18,163,654		375
Building Materials	11,386,033	16,741,611	1,618,603	3,592,756
Chemicals & Drugs	14,854,747	38,813,589	14,030,855	24,098,193
Chinese Medicines	47,013,051	18,059,394	43,685,996	24,728,859
Dyeing & Tanning Materials	5,743,702	41,001,962	3,163,338	15,997,015
Foodstuffs & Provisions ...	134,620,935	144,586,220	67,801,303	91,160,320
Fuels	5,318,065	20,094,192	259,334	417,290
Hardware	2,056,007	6,185,899	4,329,359	7,702,218
Liquors, Intoxicating	6,296,142	8,038,697	3,743,404	3,810,146
Machinery & Engines	4,884,590	7,464,634	627,850	1,191,318
Manures	674,842	1,005,762	2,516,702	6,657,549
Metals	14,089,830	59,673,467	15,317,892	43,486,685
Minerals & Ores	341,472	3,200,952	657,559	4,329,262
Nuts & Seeds	14,308,617	14,408,322	8,193,962	6,926,667
Oils & Fats	63,116,784	134,528,370	71,113,314	166,520,703
Paints	2,122,922	5,896,120	2,216,942	5,982,287
Paper & Paperware	16,484,903	38,754,263	15,848,518	26,626,675
Piece Goods & Textiles	46,134,489	129,011,477	71,751,073	117,042,494
Railway Materials	5,128	740,779	16,926	616
Tobacco	12,368,287	27,563,464	2,924,322	6,610,850
Vehicles	6,873,436	21,420,376	576,162	5,465,274
Wearing Apparel	5,940,747	8,350,283	11,143,893	27,413,330
Sundries	86,853,581	157,756,913	76,873,948	144,838,613
Total Merchandise ...	520,853,200	921,460,400	418,611,255	734,609,535
Treasure	236,238	49,773,890	8,325,872	87,449,064
Grand Total	521,089,438	971,234,290	426,937,127	822,058,599

Of our imports, Malaya supplied us with 22,372 piculs at an average price of \$82 per picul, Indo-China and N.E.I. respectively with 10,851 and 9,794 piculs both valued at \$75 per picul, and N. Borneo with 639 piculs at \$67 per picul on the average.

Of our exports American buyers paid \$106 per picul on the average. Korea and Macao traders paid \$89 and Chinese merchants paid \$82 per picul.

At the end of August the local native market (Nam Pak Hong) price for No. 1 smoked sheet was \$82 per picul for No. 2 was \$79 and for No. 3 was \$76. The corresponding quotations in Canton at that time were in HK currency, about \$136 per picul for No. 1 and \$133 for No. 2 and \$130 for No. 3.

Freight rates from Singapore to Hongkong were \$4 per picul and from ship in the harbour to godown an-

other \$2 were charged. Nam Pak Hong merchants charge the usual commission of one percent for every \$100 put through them.

Hongkong's raw rubber trade in August:

	Imports	
	Piculs	Value
Malaya	22,372	\$1,836,049
N. Borneo	639	48,286
Indo-China	10,951	729,920
N.E.I.	9,794	734,580
Total	43,756	\$3,348,853
	Exports	
	Piculs	Value
China	2,904	\$237,358
Macao	519	41,629
U.S.A.	2,520	267,551
Korea	6,197	501,605
Total	12,140	\$1,048,143

**TOTAL VALUES OF IMPORTS & EXPORTS BY MAIN GROUPS.
FOR AUGUST 1946 & 1947**

Articles	IMPORTS		EXPORTS	
	1946 \$	1947 \$	1946 \$	1947 \$
Animals, Live	2,903,240	2,260,720	—	—
Building Materials	2,700,130	2,178,420	359,090	455,767
Chemicals & Drugs	3,048,523	4,907,042	1,966,616	1,431,848
Chinese Medicines	4,939,211	4,792,299	5,172,250	1,885,764
Dyeing & Tanning Materials	1,202,022	5,203,456	699,081	1,506,951
Foodstuffs & Provisions	21,710,943	22,459,666	11,160,981	8,904,086
Fuels	1,348,326	4,635,102	4,262	360
Hardware	425,375	962,162	469,119	784,125
Liquors, Intoxicating	1,025,776	698,997	657,158	203,293
Machinery & Engines	266,403	936,214	71,555	97,108
Manures	92,615	325,769	498,254	410,855
Metals	4,316,299	7,923,376	2,486,879	2,086,241
Minerals & Ores	6,312	1,417,050	71,438	1,143,415
Nuts & Seeds	1,352,523	2,737,217	848,457	1,466,248
Oils & Fats	8,061,127	10,449,036	14,945,148	18,222,300
Paints	322,065	732,777	443,027	655,889
Paper & Paperware	3,090,530	5,937,970	3,431,765	1,708,905
Piece Goods & Textiles	6,794,347	16,142,256	26,477,798	12,786,139
Railway Materials	—	168,954	2,045	—
Tobacco	1,509,790	3,776,342	562,213	462,165
Vehicles	1,103,343	1,926,266	123,901	928,787
Wearing Apparel	696,180	1,062,651	2,238,756	5,038,869
Sundries	13,424,104	18,161,607	12,974,269	14,218,424
Total Merchandise ...	80,338,189	119,794,349	85,633,962	72,377,540
Treasure	209,400	—	2,048,442	1,325,000
Grand Total	80,547,189	119,794,349	87,682,404	73,702,540

**TOTAL VALUES OF IMPORTS & EXPORTS OF MERCHANDISE
BY COUNTRIES.**

FOR THE FIRST EIGHTH MONTHS

COUNTRIES	IMPORTS FROM		EXPORTS TO	
	1946 \$	1947 \$	1946 \$	1947 \$
United Kingdom	15,121,986	98,815,312	12,096,169	23,671,909
Australia	18,140,078	31,278,300	2,438,671	5,523,701
Burma	—	13,110,210	34,409	4,178,393
Canada	7,409,215	12,579,579	351,769	1,711,743
Ceylon	103,787	1,137,573	349,682	3,526,920
East Africa	111,390	910,868	62,780	651,533
India	32,750,227	33,357,118	10,833,510	16,647,647
Malaya (British)	45,960,808	58,881,129	101,267,095	151,366,752
New Zealand	21,300	142,227	126,842	1,215,266
North Borneo	1,182,393	4,115,502	258,671	3,950,268
South Africa	19,623	6,624,359	272,853	9,552,645
West Africa	—	—	2,725	854,734
West Indies	700	6,284	29,932	254,425
Br. Empire, Other	14,577,413	6,839,842	170,516	4,478,316
Belgium	3,511,528	30,682,604	443,132	6,195,910
China, North	60,986,347	28,114,555	63,352,571	25,163,146
" Middle	32,192,696	23,072,583	23,356,706	32,886,929
" South	104,586,725	185,701,964	80,193,981	131,881,232
Cuba	—	6,480	78,570	776,770
Central America	20,000	306,861	54,470	471,080
Denmark	468,654	547,051	2,042,180	908,228
Egypt	241,918	257,123	943,872	4,849,324
France	585,610	8,646,383	622,155	8,462,323
French Indo China	36,608,564	14,006,679	20,455,536	12,114,830
Germany	—	—	—	219,425
Holland	27,115	6,913,327	779,223	12,599,039
Italy	111,929	8,450,561	172,200	9,639,432
Japan	—	15,596,223	—	2,005,378
Kwong Chow Wan	2,839,880	4,519,285	982,408	1,542,476
Macao	44,720,856	46,558,936	20,0574,65	33,899,565
Norway	4,590,983	11,908,860	1,014,148	2,216,358
Netherlands East Indies	1,618,403	7,999,804	1,919,980	18,922,749
Philippines	7,408,880	10,568,608	5,958,115	31,249,796
Portugal	372,626	621,000	9,848	99,776
Siam	16,436,146	34,000,909	25,229,514	55,219,465
South America	12,000	350,156	114,276	1,257,941
Sweden	513,717	2,601,794	2,367,371	5,341,313
Switzerland	1,671,997	10,658,145	—	206,907
Spain	69,552	137,312	—	1,214,204
U. S. A.	65,606,564	191,534,781	40,086,503	38,944,473
U. S. R.	—	769,887	—	4,803,462
Others	251,579	9,130,326	82,407	13,933,461
Total	520,853,200	921,460,400	418,611,255	734,609,535
Total Br. Empire	135,399,425	287,798,303	128,265,624	227,584,543
Total Foreign	385,453,775	633,662,097	290,315,631	507,024,992

**TOTAL VALUE OF
IMPORTS & EXPORTS
UNDER MAIN
GROUPS BY
COUNTRIES FOR
THE MONTH OF
AUGUST, 1947.**

UNITED KINGDOM

Articles	Imports \$	Exports \$
Building Mate- rials	126,000	—
Chemicals & Drugs	637,966	123,100
Chinese Medi- cines	—	3,360
Dyeing & Tan- ning Materials	417,736	—
Foodstuffs & Provisions	53,366	661,327
Hardware	504,447	—
Liquors, Intoxi- cating	109,757	—
Machinery & Engines	134,918	—
Metal	743,898	—
Minerals & Ores	2,585	299,880
Oils & Fats	98,427	1,962,890
Paints	172,667	—
Paper & Paper- ware	125,553	—
Piece Goods & Textiles	2,289,677	35,622
Tobacco	3,513,678	—
Vehicles	941,461	—
Wearing Apparel	169,029	—
Sundries	1 412,271	584,166
Total	11,503,436	3,670,345

AUSTRALIA

Articles	Imports \$	Exports \$
Building Mate- rials	963	—
Chemicals & Drugs	74,773	751
Chinese Medi- cines	—	4,204
Foodstuffs & Provisions	3,485,116	22,855
Fuels	6,627	—
Hardware	6,674	2,160
Liquors, Intoxi- cating	—	24,000
Machinery & Engines	14,084	—
Metals	28,776	—
Nuts & Seeds	398	—
Oils & Fats	76,430	286,550
Paints	2,713	—
Piece Goods & Textiles	413,003	16,752
Railways Mate- rials	38,954	—
Vehicles	9,686	—
Wearing Apparel	5,670	6,845
Sundries	65,861	135,773
Total	4,229,728	499,710

BURMA			Chinese Medi-			Wearing Apparel			Sundries		
Articles	Imports	Exports	Articles	Imports	Exports	Articles	Imports	Exports	Articles	Imports	Exports
	\$	\$		\$	\$		\$	\$		\$	\$
Chinese Medi-	—	12,370	Foodstuffs &	130,939	59,658	Drugs	—	—	Chemicals &	—	—
cines	—	—	Provisions	25,106	156	Chinese Medi-	—	—	cines	—	—
Dyeing & Tan-	—	600	Hardware	33,892	—	Chinese Medi-	—	—	cines	—	—
ning Materials	—	—	Liquors, Intoxi-	20,133	—	Chinese Medi-	—	—	cines	—	—
Foodstuffs &	5,079,625	195,698	cating	—	902	Chinese Medi-	—	—	cines	—	—
Provisions	—	41,000	Metals	24,237	561	Chinese Medi-	—	—	cines	—	—
Hardware	—	60,823	Nuts & Seeds	42,800	—	Chinese Medi-	—	—	cines	—	—
Metals	—	1,990	Paints	—	147	Chinese Medi-	—	—	cines	—	—
Nuts & Seeds	—	47,873	Paper & Paper-	—	—	Chinese Medi-	—	—	cines	—	—
Paints	—	30,510	ware	—	—	Chinese Medi-	—	—	cines	—	—
Paper & Paper-	—	7,254	Piece Goods &	19,000	—	Chinese Medi-	—	—	cines	—	—
ware	—	79,402	Textiles	—	1,000	Chinese Medi-	—	—	cines	—	—
Piece Goods &	—	245,677	Tobacco	55,610	—	Chinese Medi-	—	—	cines	—	—
Textiles	—	—	Vehicles	16,500	2,459	Chinese Medi-	—	—	cines	—	—
Wearing Apparel	—	—	Sundries	98,217	19,420	Chinese Medi-	—	—	cines	—	—
Sundries	—	—				Chinese Medi-	—	—	cines	—	—
Total	5,079,625	723,197	Total	606,990	107,942	Chinese Medi-	—	—	cines	—	—

CANADA			CEYLON		
Articles	Imports	Exports	Articles	Imports	Exports
	\$	\$		\$	\$
Building Mate-	101,900	—	Chinese Medi-	—	480
rials	—	—	cines	—	—
Chemicals &	3,856	—	Foodstuffs &	142,124	107,886
Drugs	—	—	Provisions	—	10,291
			Hardware	—	—

**TOTAL VALUES OF IMPORTS & EXPORTS OF MERCHANDISE
BY COUNTRIES FOR AUGUST 1946 & 1947**

COUNTRIES	IMPORTS FROM		EXPORTS TO	
	1946	1947	1946	1947
	\$	\$	\$	\$
United Kingdom	3,169,136	11,503,436	1,750,109	3,670,345
Australia	4,738,382	4,229,728	851,037	499,710
Burma	—	5,079,625	16,151	723,197
Canada	1,474,861	606,990	83,992	107,942
Ceylon	440	147,546	8,130	252,892
East Africa	45,396	134,937	—	316,251
India	1,400,217	2,660,245	1,311,094	815,093
Malaya (British)	4,220,435	6,772,291	25,173,247	11,336,022
New Zealand	—	—	—	61,974
North Borneo	843,494	669,527	17,540	32,108
South Africa	—	970,770	173,129	1,393,826
West Africa	—	—	925	280,056
West Indies	—	—	—	28,478
Br. Empire, Other	2,077,581	50,352	30,576	582,581
Belgium	1,354,505	4,800,173	82,404	1,064,182
China, North	7,163,797	1,717,556	8,761,489	4,065,877
" Middle	2,006,484	1,474,481	3,640,606	1,984,380
" South	15,854,790	18,112,724	12,456,798	6,223,102
Cuba	—	—	2,970	128,664
Central America	—	—	17,566	68,837
Denmark	36,100	122,111	418,329	20,150
Egypt	911,699	3,120	51,344	378,384
France	283,742	1,734,979	458,542	356,278
French Indo China	9,739,778	2,289,607	5,976,687	830,573
Germany	—	—	—	—
Holland	18,755	1,728,569	514,789	3,480,185
Italy	111,929	541,173	—	1,648,811
Japan	—	7,130,546	—	325,117
Kwong Chow Wan	604,952	592,431	337,210	21,051
Macao	7,001,959	7,057,262	2,884,899	5,212,911
Norway	911,699	3,087,469	525,035	474,703
Netherlands East Indies	727,824	1,274,775	212,968	3,292,842
Philippines	977,364	954,967	687,128	3,447,554
Portugal	104,419	76,741	9,848	—
Siam	3,204,099	6,352,644	9,349,207	5,733,856
South America	—	173,425	—	440,112
Sweden	139,502	500,940	369,037	164,434
Switzerland	639,647	998,750	—	131,610
Spain	14,188	4,380	—	—
U. S. A.	11,452,138	22,005,346	9,786,980	8,656,760
U. S. S. R.	—	356,396	—	—
Others	—	3,881,237	24,196	4,138,690
TOTAL	80,338,180	119,794,349	85,633,962	72,377,540
Total Br. Empire	17,969,936	32,824,547	29,065,930	20,098,477
Total Foreign	63,368,253	86,969,802	56,568,032	52,279,063

EAST AFRICA			INDIA		
Articles	Imports	Exports	Articles	Imports	Exports
	\$	\$		\$	\$
Chemicals &	—	—	Chemicals &	—	—
Drugs	—	—	Drugs	—	73,827
Chinese Medi-	—	—	Chinese Medi-	—	64,213
cines	—	—	cines	—	—
Piece Goods &	—	—	Foodstuffs &	36,326	92,018
Textiles	—	—	Provisions	649,837	—
Wearing Apparel	—	—	Fuels	2,398	—
Sundries	—	—	Hardware	—	10,080
Total	134,037	316,251	Metals	165,080	2,200

INDIA			MALAYA (BRITISH)		
Articles	Imports	Exports	Articles	Imports	Exports
	\$	\$		\$	\$
Chemicals &	—	—	Building Mate-	15,000	—
Drugs	—	—	rials	—	—
Chinese Medi-	—	—	Chemicals &	—	—
cines	—	—	Drugs	33,552	69,683
Foodstuffs &	—	—	Chinese Medi-	—	—
Provisions	—	—	cines	—	—
Fuels	—	—	Chinese Medi-	—	—
Hardware	—	—	cines	—	—
Metals	—	—	Chinese Medi-	—	—
Oils & Fats	—	—	cines	—	—
Piece Goods &	—	—	Chinese Medi-	—	—
Textiles	—	—	cines	—	—
Vehicles	—	—	Chinese Medi-	—	—
Wearing Apparel	—	—	cines	—	—
Sundries	—	—	Chinese Medi-	—	—
Total	2,660,245	815,095	Chinese Medi-	—	—

MALAYA (BRITISH)			NEW ZEALAND		
Articles	Imports	Exports	Articles	Imports	Exports
	\$	\$		\$	\$
Building Mate-	15,000	—	Chinese Medi-	—	460
rials	—	—	cines	—	—
Chemicals &	—	—	Foodstuffs &	—	—
Drugs	33,552	69,683	Provisions	—	10,438
Chinese Medi-	—	—	Hardware	—	100
cines	—	—	Nuts & Seeds	—	847
Chinese Medi-	—	—	Wearing Apparel	—	2,494
cines	—	—	Sundries	—	47,575
Chinese Medi-	—	—			
cines	—	—	Total	6,772,291	11,336,022

NEW ZEALAND			TOTAL		
Articles	Imports	Exports	Articles	Imports	Exports
	\$	\$		\$	\$
Chinese Medi-	—	460	Chinese Medi-	—	—
cines	—	—	cines	—	—
Foodstuffs &	—	—	Foodstuffs &	—	—
Provisions	—	—	Provisions	—	—
Hardware	—	—	Hardware	—	—
Nuts & Seeds	—	—	Nuts & Seeds	—	—
Wearing Apparel	—	—	Wearing Apparel	—	—
Sundries	—	—	Sundries	—	—
Total	61,974	—	Total	—	—

NORTH BORNEO

Articles	Imports	Exports
Building Materials	\$ 136,632	\$ 180
Chinese Medicines	1,200	—
Foodstuffs & Provisions	126,252	894
Fuels	123,423	—
Hardware	—	210
Metals	600	—
Nuts & Seeds	19,724	—
Oils & Fats	144,507	—
Paper & Paperware	—	78
Piece Goods & Textiles	—	450
Wearing Apparel	—	25,103
Sundries	117,139	5,193
Total	669,527	32,108

SOUTH AFRICA

Articles	Imports	Exports
Chemicals & Drugs	\$ 9,480	\$ —
Chinese Medicines	920	3,805
Foodstuffs & Provisions	29,700	66,416
Fuels	710,752	—
Hardware	—	6,790
Liquors, Intoxicating	9,848	671
Nuts & Seeds	—	2,603
Oils & Fats	—	131,841
Paper & Paperware	—	141
Piece Goods & Textiles	—	99,500
Sundries	210,070	1,096,059
Total	970,770	1,393,826

WEST AFRICA

Articles	Imports	Exports
Piece Goods & Textiles	\$ —	\$ 16,200
Wearing Apparel	—	163,599
Sundries	—	100,257
Total	—	280,056

WEST INDIES

Articles	Imports	Exports
Chinese Medicines	\$ —	\$ 11,389
Foodstuffs & Provisions	—	238
Wearing Apparel	—	2,553
Sundries	—	12,293
Total	—	26,478

BRITISH EMPIRE, OTHER

Articles	Imports	Exports
Chemicals & Drugs	—	700
Chinese Medicines	—	9,358
Foodstuffs & Provisions	49,052	80,419
Hardware	—	9,187
Liquors, Intoxicating	—	11,250
Metals	800	—
Nuts & Seeds	—	1,766

Oils & Fats	—	107,520
Piece Goods & Textiles	—	268,492
Tobacco	—	519
Wearing Apparel	—	21,553
Sundries	500	71,826
Total	50,352	582,581

BELGIUM

Articles	Imports	Exports
Building Materials	\$ 552,600	\$ —
Chemicals & Drugs	66,189	—
Dyeing & Tanning Materials	552,250	—
Foodstuffs & Provisions	57,700	136
Manures	319,219	—
Metals	2,572,806	—
Oils & Fats	37,500	932,467
Paints	85,546	—
Paper & Paperware	273,959	—
Piece Goods & Textiles	178,447	—
Sundries	103,957	131,579
Total	4,800,173	1,064,182

CHINA, NORTH

Articles	Imports	Exports
Building Materials	\$ 2,560	\$ 974
Chemicals & Drugs	42,584	248,696
Chinese Medicines	485,510	2,100
Dyeing & Tanning Materials	—	112,002
Foodstuffs & Provisions	167,524	136,358
Hardware	6,980	290
Liquors, Intoxicating	5,909	9,674
Machinery & Engines	—	13,700
Metals	—	42,692
Nuts & Seeds	9,325	—
Oils & Fats	—	1,595,839
Paints	24,593	227,517
Piece Goods & Textiles	776,650	513,720
Vehicles	2,500	52,866
Wearing Apparel	19,260	512,800
Sundries	174,161	596,739
Total	1,717,556	4,065,877

CHINA, MIDDLE

Articles	Imports	Exports
Animals, Live	\$ 212,100	\$ —
Building Materials	1,600	12,058
Chemicals & Drugs	—	132,222
Chinese Medicines	9,404	277,776
Dyeing & Tanning Materials	—	375,795
Foodstuffs & Provisions	633,263	23,948
Fuels	80	—
Hardware	360	864
Liquors, Intoxicating	29,600	133
Machinery & Engines	—	26,000

Manures	—	319,806
Metals	5,580	85,064
Nuts & Seeds	850	8,370
Oils & Fats	—	215,367
Paints	—	36,733
Paper & Paperware	147,319	57,271
Piece Goods & Textiles	119,637	210,981
Vehicles	—	87,480
Sundries	314,683	114,512
Total	1,474,481	1,984,380

CHINA, SOUTH

Articles	Imports	Exports
Animals, Live	\$ 1,429,420	\$ —
Building Materials	269,239	160,818
Chemicals & Drugs	32,452	250,381
Chinese Medicines	155,973	81,295
Dyeing & Tanning Materials	170,348	437,360
Foodstuffs & Provisions	3,455,314	14,820
Fuels	433,331	—
Hardware	18,630	5,464
Liquors, Intoxicating	2,645	92
Machinery & Engines	—	16,640
Manures	—	34,300
Metals	1,165,667	626,289
Minerals & Ores	344,000	240
Nuts & Seeds	348,725	22,520
Oils & Fats	6,455,872	2,990,683
Paints	384	6,060
Paper & Paperware	397,966	169,011
Piece Goods & Textiles	1,672,958	48,610
Vehicles	—	215,700
Wearing Apparel	18,000	100
Sundries	1,741,800	1,142,719
Total	18,112,724	6,223,102

CUBA

Articles	Imports	Exports
Chinese Medicines	—	602
Foodstuffs & Provisions	—	38,267
Hardware	—	2,144
Liquors, Intoxicating	—	1,800
Nuts & Seeds	—	687
Sundries	—	85,164
Total	—	128,664

CENTRAL AMERICA

Articles	Imports	Exports
Chinese Medicines	\$ —	\$ 152
Foodstuffs & Provisions	—	2,610
Hardware	—	1,634
Oils & Fats	—	10,710
Wearing Apparel	—	3,616
Sundries	—	50,121
Total	—	68,837

DENMARK		
Articles	Imports \$	Exports \$
Building Mate- rials	1,880	—
Foodstuffs & Provisions	8,395	2,700
Hardware	2,000	—
Liquors, Intoxi- cating	102,260	—
Machinery & Engines	3,400	—
Sundries	4,136	17,450
Total	122,111	20,150

EGYPT		
Articles	Imports \$	Exports \$
Chinese Medi- cines	—	6,975
Foodstuffs & Provisions	—	413
Oils & Fats	—	290,360
Tobacco	3,120	—
Sundries	—	80,636
Total	3,120	378,384

FRANCE		
Articles	Imports \$	Exports \$
Chemicals & Drugs	708,963	—
Dyeing & Tan- ning Materials	52,164	54,200
Foodstuffs & Provisions	42,070	—
Liquors, Intoxi- cating	129,060	—
Machinery & Engines	11,867	—
Manures	11,610	—
Minerals & Ores	—	158,515
Oils & Fats	—	38,400
Paper & Paper- ware	176,314	—
Piece Goods & Textiles	377,034	48,230
vehicles	4,010	—
Wearing Apparel	6,428	—
Sundries	215,459	46,933
Total	1,734,979	346,278

FRENCH INDO CHINA		
Articles	Imports \$	Exports \$
Building Mate- rials	—	170
Chemicals & Drugs	—	6,900
Chinese Medi- cines	22,610	150,147
Foodstuffs & Provisions	920,260	349,506
Fuels	340,818	—
Liquors, Intoxi- cating	—	3,200
Nuts & Seeds	97,790	13,758
Oils & Fats	—	18,480
Paints	—	8,000
Paper & Paper- ware	—	105,460
Piece Goods & Textiles	72,700	—
Tobacco	—	45,975

Vehicles	—	94,805
Sundries	853,429	34,172
Total	2,289,607	830,573

HOLLAND		
Articles	Imports \$	Exports \$
Chemicals & Drugs	57,707	—
Chinese Medi- cines	—	135
Foodstuffs & Provision	647,836	190
Hardware	39,606	—
Liquors, Intoxi- cating	61,936	—
Machinery & Engines	19,425	—
Metals	395,203	—
Oils & Fats	1,765	3,460,960
Paints	71,810	—
Paper & Paper- ware	47,656	—
Piece Goods & Textiles	48,656	—
Tobacco	2,808	—
Vehicles	16,938	—
Sundries	315,223	18,900
Total	1,726,569	3,480,185

ITALY		
Articles	Imports \$	Exports \$
Chemicals & Drugs	5,330	—
Chinese Medi- cines	—	1,750
Dyeing & Tan- ning Materials	30,368	—
Hardware	2,400	—
Liquors, Intoxi- cating	2,670	—
Metals	165,840	—
Nuts & Seeds	—	702,720
Oils & Fats	—	911,616
Piece Goods & Textiles	276,586	—
Vehicles	3,354	—
Wearing Apparel	38,625	—
Sundries	16,000	32,725
Total	541,173	1,648,811

JAPAN		
Building Mate- rials	36,631	—
Dyeing & Tan- ning Materials	28,947	—
Fuels	942,307	—
Oils & Fats	—	142,447
Paper & Paper- ware	16,695	—
Piece Goods & Textiles	6,002,484	150,815
Vehicles	31,065	29,205
Sundries	72,417	2,650
Total	7,130,546	325,117

KWONG CHOW WAN		
Articles	Imports \$	Exports \$
Animals, Live	494,880	—
Building Mate- rials	—	460

Chemicals & Drugs	—	6,212
Chinese Medi- cines	6,065	—
Dyeing & Tan- ning Materials	—	480
Foodstuffs & Provisions	36,637	—
Hardware	—	55
Oils & Fats	1,890	12,044
Paints	—	1,800
Sundries	52,959	—
Total	582,431	21,051

MACAO		
Articles	Imports \$	Exports \$
Animals, Live	124,320	—
Building Mate- rials	7,204	203,757
Chemicals & Drugs	1,032	242,671
Chinese Medi- cines	886,944	105,276
Dyeing & Tan- ning Materials	3,920	171,604
Foodstuffs & Provision	2,491,980	1,436,460
Fuels	181,725	220
Hardware	30	11,410
Liquors, Intoxi- cating	120,140	64,040
Machinery & Engines	180	4,818
Manures	500	56,749
Metals	21,720	129,226
Minerals & Ores	824,265	—
Nuts & Seeds	24,178	61,123
Oils & Fats	139,819	799,795
Paints	—	52,758
Paper & Paper- ware	4,620	413,042
Piece Goods & Textiles	1,370,078	256,512
Tobacco	5,160	316,709
Vehicles	6,000	119,461
Wearing Apparel	700	47,284
Sundries	842,747	719,996

Total	7,057,262	5,212,911
Merchandise	—	1,325,000
Treasure	—	—
Grand Total	7,057,262	6,537,911

NORWAY		
Articles	Imports \$	Exports \$
Chemicals & Drugs	2,693	—
Hardware	1,500	—
Oils & Fats	—	455,028
Paper & Paper- ware	3,083,276	—
Sundries	—	19,675
Total	3,087,469	474,703

NETHERLANDS EAST INDIES		
Articles	Imports \$	Exports \$
Building Mate- rials	—	15,050
Chemicals & Drugs	—	21,662
Chinese Medi- cines	4,200	47,058
Dyeing & Tan- ning Materials	6,780	192

Foodstuffs & Provisions	196,855	144,409
Hardware	—	16,729
Liquors, Intoxicating	—	4,750
Machinery & Engines	—	2,250
Metals	73,534	7,200
Nuts & Fats	39,000	2,164
Paints	—	1,182
Paper & Paperware	—	69,280
Piece Goods & Textiles	—	2,087,841
Tobacco	—	14,780
Wearing Apparel	—	388,520
Sundries	940,906	466,505
Total	1,274,775	3,292,840

PHILIPPINES

Articles	Imports \$	Exports \$
Chemicals & Drugs	27,896	—
Chinese Medicines	—	48,798
Foodstuffs & Provisions	45,932	1,570,565
Hardware	2,555	245,301
Liquors, Intoxicating	—	4,020
Machinery & Engines	2,602	—
Metals	478,699	195,922
Nuts & Seeds	—	90,963
Oils & Fats	123,600	11,744
Paints	—	25,066
Paper & Paperware	—	86,428
Piece Goods & Textiles	44,699	215,358
Tobacco	4,400	—
Wearing Apparel	11,990	256,460
Sundries	212,694	696,929
Total	954,967	3,447,554

PORTUGAL

Articles	Imports \$	Exports \$
Foodstuffs & Provisions	7,800	—
Liquors, Intoxicating	15,945	—
Oils & Fats	760	—
Piece Goods & Textiles	46,464	—
Sundries	5,772	—
Total	76,741	—

SIAM

Articles	Imports \$	Exports \$
Building Materials	585,049	6,400
Chemicals & Drugs	—	107,055
Chinese Medicines	5,775	104,565
Dyeing & Tanning Materials	4,000	39,388
Foodstuffs & Provisions	2,193,515	378,883
Fuels	22,000	60
Hardware	—	132,976
Machinery & Engines	—	4,500

Manures	6,000	—
Metals	21,365	150,314
Nuts & Seeds	526,422	19,738
Oils & Fats	2,316,123	22,570
Paints	—	83,235
Paper & Paperware	—	157,956
Piece Goods & Textiles	—	3,486,619
Railway Materials	130,000	—
Vehicles	—	204,210
Wearing Apparel	—	299,326
Sundries	542,395	536,062
Total	6,352,644	5,733,856

SOUTH AMERICA

Articles	Imports \$	Exports \$
Chemicals & Drugs	145,483	—
Chinese Medicines	—	292
Foodstuffs & Provisions	—	18,874
Liquors, Intoxicating	—	480
Piece Goods & Textiles	—	2,045
Sundries	27,942	418,421
Total	173,425	440,112

SWEDEN

Articles	Imports \$	Exports \$
Chemicals & Drugs	295,1862	—
Chinese Medicines	—	2,970
Hardware	21,171	—
Machinery & Engines	14,147	—
Oils & Fats	—	160,184
Paper & Paperware	159,625	—
Sundries	10,815	1,820
Total	500,940	164,434

SWITZERLAND

Articles	Imports \$	Exports \$
Chemicals & Drugs	19,400	—
Dyeing & Tanning Materials	703,498	—
Foodstuffs & Provisions	8,806	—
Hardware	2,405	—
Oils & Fats	—	123,032
Paper & Paperware	3,241	—
Piece Goods & Textiles	15,105	—
Sundries	246,295	8,582
Total	998,750	131,610

SPAIN

Articles	Imports \$	Exports \$
Liquors, Intoxicating	4,380	—
Total	4,380	—

U. S. A.

Articles	Imports \$	Exports \$
Building Materials	337,749	—
Chemicals & Drugs	2,319,244	78
Chinese Medicines	163,825	352,540
Dyeing & Tanning Materials	3,175,880	126,840
Foodstuffs & Provisions	1,920,376	751,206
Fuels	1,100,927	—
Hardware	311,828	5,111
Manures	50	—
Liquors, Intoxicating	70,955	10,533
Machinery & Engines	682,471	—
Metals	1,723,274	764,303
Minerals & Ores	—	684,780
Nuts & Seeds	1,200	452,711
Oils & Fats	651,083	2,712,877
Paints	332,264	—
Paper & Paperware	1,291,676	10,452
Piece Goods & Textiles	1,049,615	186,763
Tobacco	247,176	428
Vehicles	820,798	—
Wearing Apparel	776,449	58,509
Sundries	5,038,506	2,539,539
Total	22,005,346	8,656,760

U. S. S. R.

Articles	Imports \$	Exports \$
Chemicals & Drugs	356,396	—
Total	356,396	—

CZECHOSLOVAKIA

Articles	Imports \$	Exports \$
Metals	109,934	—
Paper & Paperware	23,960	—
Sundries	995	—
Total	134,889	—

EL HASA

Articles	Imports \$	Exports \$
Piece Goods & Textiles	—	69,240
Sundries	—	3,500
Total	—	72,740

FINLAND

Articles	Imports \$	Exports \$
Building Materials	3,363	—
Oils & Fats	—	362,200
Paper & Paperware	186,110	—
Total	189,473	362,200

IRAN		
Articles	Imports \$	Exports \$
Foodstuffs & Provisions	—	12,788
Paper & Paper-ware	—	28,335
Piece Goods & Textiles	—	266,499
Sundries	—	5,130
Total	—	312,752

Metals	100,000	2,000
Minerals & Ores	246,200	—
Paints	—	20,160
Paper & Paper-ware	—	210,562
Piece Goods & Textiles	—	843,563
Vehicles	—	85,117
Wearing Apparel	—	3,050
Sundries	—	1,092,291
Total	3,346,200	2,784,665

ALL OTHER COUNTRIES		
Articles	Imports \$	Exports \$
Foodstuffs & Provisions	675	—
Piece Goods & Textiles	—	62,624
Wearing Apparel	—	2,350
Total	675	64,974

IRAQ		
Articles	Imports \$	Exports \$
Chinese Medicines	—	940
Piece Goods & Textiles	—	34,179
Sundries	—	98,492
Total	—	133,611

POLAND		
Articles	Imports \$	Exports \$
Metals	210,000	—
Total	210,000	—

PORTUGUESE EAST AFRICA		
Articles	Imports \$	Exports \$
Foodstuffs & Provisions	—	2,455
Hardware	—	320
Piece Goods & Textiles	—	15,320
Wearing Apparel	—	9,676
Sundries	—	57,464
Total	—	85,235

SYRIA		
Articles	Imports \$	Exports \$
Oils & Fats	—	65,060
Sundries	—	190,781
Total	—	255,841

TURKEY		
Articles	Imports \$	Exports \$
Sundries	—	66,672
Total	—	66,672

KOREA		
Articles	Imports \$	Exports \$
Building Materials	—	55,900
Chemicals & Drugs	—	147,910
Chinese Medicines	3,000,000	1,500
Dyeing & Tanning Materials	—	188,290
Foodstuffs & Provisions	—	133,720